



REPRESENTING  
**ALEX SINK**  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

September 30, 2009

Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

JoAnne Leznoff, Council Director  
House Full Appropriations Council on General Government & Health Care  
221 Capitol  
Tallahassee, Florida 32399-1300

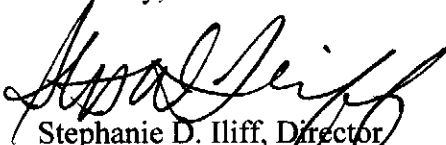
Skip Martin, Council Director  
House Full Appropriations Council on Education & Economic Development  
221 Capitol  
Tallahassee, Florida 32399-1300

Cynthia Kelly, Staff Director  
Senate Policy and Steering Committee on Ways and Means  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Department of Financial Services is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2010-11 through Fiscal Year 2014-15. This submission has been approved by Alex Sink, Chief Financial Officer.

Sincerely,

  
Stephanie D. Iliff, Director  
Office of Strategic Planning

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# **Department of Financial Services**

## **Long-Range Program Plan**

**2010 - 2015**

*Alex Sink*

*Chief Financial Officer*

# **AGENCY MISSION AND GOALS**

## **MISSION**

**To safeguard the people of Florida and the state's assets through financial accountability, education, advocacy, fire safety and enforcement.**

## **VISION**

**The Department of Financial Services is to be known as the most ethical, professional and pro-active state agency in Florida.**

# GOALS

## FINANCIAL ACCOUNTABILITY

*Goal 1. The department will be a vigilant steward of the state's and its people's resources.*

*Goal 2. The department will promote financial accountability in state contracts.*

## ENFORCEMENT

*Goal 3. In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.*

## FIRE SAFETY

*Goal 4. The State Fire Marshal shall effectively prevent and discourage arson and arson related crimes for the protection of Florida's citizens and their property.*

## EDUCATION

*Goal 5. Our customers will receive timely, helpful and accurate information upon which they can act to protect themselves and their assets.*

## ADVOCACY

*Goal 6. The department will protect customer interests inside and outside state government.*

**AGENCY OBJECTIVES, SERVICE OUTCOMES AND  
PERFORMANCE PROJECTIONS TABLES**

**FINANCIAL ACCOUNTABILITY**

*Goal 1. The department will be a vigilant steward of the state's and its people's resources.*

**Division of Accounting and Auditing**

**Objective 1A:** Establish performance metrics that improve state agencies' financial reporting

**Outcome:** Percentage of agencies evaluated who achieve compliance with year-end closing procedures and financial statement preparation for the Comprehensive Annual Financial Report

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY 2013-14	FY2014-15
89%	90%	92%	92%	92%	93%

**Objective 1B:** Establish performance metrics that improve state agencies' accountability of issued warrants

**Outcome:** Percentage of warrants outstanding at 3 months that are stale-dated after 12 months

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY 2013-14	FY2014-15
50%	47%	45%	45%	43%	40%

**Division of Risk Management**

**Objective 1C:** Maintain a prompt payment compliance rate, as defined by F.S. 215.422.

**Outcome:** Percentage of payments made timely.

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
95%	95%	95%	95%	95%	95%

**Objective 1D:** Increase efficiency by using Automated Clearing House (ACH) payments for workers' compensation claims with expected expansion to other clients

**Outcome:** Annual increases in the number of ACH transactions

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
7,104	9,454	10,399	11,438	12,581	13,387

**Division of Treasury  
Bureau of Collateral Management**

**Objective 1E:** To be effective stewards of the operational monies and other financial assets of the state

**Outcome a:** Percent of analyses of those institutions with the “Special Handling” designation will be completed within 5 working days of the end of the quarterly cycle.

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
100%	100%	100%	100%	100%	100%

**Outcome b:** Percentage of transactions that are completed within three business days

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
80%	86%	88%	90%	90%	90%

**Division of Treasury  
Bureau of Funds Management**

**Objective 1F:** Agencies will have faster access to funds received in the Treasury.

**Outcome:** Percentage of all agency concentration account deposit transactions to be matched and credited within four days of the bank deposit date

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
86%	90%	90%	90%	90%	90%

**Division of Rehabilitation and Liquidation**

**Objective 1G:** Protect the financial interests of claimants in a receivership through comprehensive estate management

**Outcome a:** Percentage of appraised value of assets liquidated for real property

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
90%	90%	90%	90%	90%	90%

**Outcome b:** Percentage of appraised value of assets liquidated for personal property

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
75%	75%	75%	75%	75%	75%

**FINANCIAL ACCOUNTABILITY**

**Goal 2.** *The department will promote financial accountability in state contracts.*

**Division of Accounting and Auditing**

**Objective 2:** Improve state agency accountability for contracts by requiring compliance with specific standards relating to scope of work and legal compliance to support payment.

**Outcome a:** Percentage of agency contracts equal or greater than \$1million that meet the established accountability standards.

FY2009-10 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
90%	95%	95%	95%	95%	95%

**Division of Administration**

**Outcome b:** Percentage of DFS contracts sampled for review by the Division of Administration’s Purchasing Office that meet the Division of Accounting and Auditing accountability standards. Review criteria: 1) all contracts \$250,000 and above prior to execution, 2) 5% sampling of all executed contracts less than \$250,000.

FY2008-09 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
90%	92%	93%	94%	95%	96%

**ENFORCEMENT**

**Goal 3.** *In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.*

**Division of Insurance Fraud**

**Objective 3A:** Increase the professionalism of the Division

**Outcome:** Percentage reduction in turnover of sworn personnel (50% reduction over seven years from the baseline year)

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
11%	7%	6%	5%	4%	3%

**Objective 3B:** Increase the impact of investigations completed by the Division

**Outcome:** Increase in dollar amount of recommended restitution orders per case (100% over seven years from the baseline years)

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
\$30,000	\$585,000	\$658,000	\$732,000	\$878,000	\$983,360

**Bureau of Fire and Arson Investigations**

**Objective 3C:** Produce more prosecutable cases

**Outcome:** Percent of arson arrests resulting in conviction

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
87.1%	90%	90%	90%	90%	90%

**Bureau of Forensic Fire and Explosives Analysis**

**Objective 3D:** Maintain average turnaround time for sample analyses completions

**Outcome:** Average turnaround time

FY2008-09 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
8.25 days	7.50 days	7.25 days	7.25 days	7.0 days	7.0 days

**Division of Funeral, Cemetery and Consumer Services**

**Objective 3E:** Prevent misappropriation of care and maintenance, preconstruction and preneed trust funds

**Outcome:** Percentage of financial examinations with deficit findings that result in deficits being corrected or the initiation of an investigation.

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
90%	91%	92%	93%	95%	96%

**Objective 3F:** Ensure funeral establishments, direct disposal establishments, central embalming facilities, refrigeration services and removal services comply with health and safety standards

**Outcome:** Percentage of funeral establishment inspections with health and safety findings that resulted in improved standards and conditions or the initiation of an investigation.

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
72.65%	91%	92%	93%	93%	95%

**Objective 3G:** Ensure all licensed cemeteries are keeping accurate burial records and are properly maintaining the cemetery grounds

**Outcome:** Percentage of cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records or the initiation of an investigation.



FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
64.29%	91%	92%	93%	93%	95%

**Objective 3H:** Ensure that the Division complies with its statutory requirement to inspect each establishment and cemetery annually.

**Outcome:** Percentage of establishments and cemeteries inspected per year.

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
100%	100%	100%	100%	100%	100%

**Objective 3I:** Ensure swift and effective discipline for those practitioners who violate the law.

**Outcome:** Percentage of investigations submitted to the probable cause panel in which the panel agrees with the Division's recommendation.

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
NA	91%	92%	93%	93%	95%

**Division of Workers Compensation  
Bureau of Data Quality and Collection**

**Objective 3J:** Implement an efficient, accurate and real time electronic data interchange claims reporting system for the Florida Workers' Compensation system, using the national standard for electronic claims reporting.

**Outcome:** Percentage of indemnity claim information reports that are filed electronically during the fiscal year.

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
33%	100%	100%	100%	100%	100%

**Division of Agent and Agency Services  
Bureau of Investigation**

**Objective 3K:** Protect insurance-buying consumers from financial harm and deceitful practices

**Outcome:** Percent of completed investigations recommended for formal action that result in an action

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
27%	75%	75%	75%	75%	75%

**Division of Legal Services**

**Objective 3L:** Increase the number of insurers receiving service of process by electronic means

**Outcome:** Percentage of insurers receiving service of process by electronic means

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
10%	60%	70%	80%	90%	100%

**FIRE SAFETY**

*Goal 4. The State Fire Marshal shall effectively prevent and discourage arson and arson related crimes for the protection of Florida’s citizens and their property.*

**Division of State Fire Marshal  
Bureau of Fire Prevention**

**Objective 4A:** Increase fire and life safety through aggressive inspections, investigations and education

**Outcome:** Percentage of mandated regulatory inspections completed

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
100%	100%	100%	100%	100%	100%

**Objective 4B:** Increase fire and life safety through aggressive inspections, investigations and education (Boiler Safety)

**Outcome:** Percentage of boilers inspected within the timeframe required by administrative rule

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
100%	100%	100%	100%	100%	100%

## EDUCATION

**Goal 5.** *Our customers will receive timely, helpful and accurate information upon which they can act to protect themselves and their assets.*

### Division of Consumer Services

**Objective 5A:** Increase service levels for those Floridians requiring insurance or financial assistance.

**Outcome a:** Percentage of consumers satisfied with the services provided. (survey results)

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
80%	80 %	80%	84 %	84%	86%

**Outcome b:** Percentage of phone calls answered within two minutes

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
86%	86%	86%	88%	88%	90%

### Division of Treasury

#### Bureau of Deferred Compensation

**Objective 5B:** Assist state employees in achieving financial security in their retirement years

**Outcome a:** The net increase of state employees participating in the State Deferred Compensation Plan

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
74,358	76,758	77,358	77,958	78,737	80,312

**Outcome b:** Percentage increase in the deferred compensation average contributions year over year (one percent)

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
\$10,537,179	\$10,642,550	\$10,748,976	\$10,856,466	\$10,965,030	\$11,074,681

### Division of State Fire Marshal

#### Bureau of Fire Standards and Training

**Objective 5C:** Increase firefighter safety and health through aggressive inspection, investigation and accreditation

**Outcome:** Percent of Fire College students passing certification exam on first attempt

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
92%	92%	92%	92%	92%	92%

**Division of Risk Management**

**Objective 5D:** Reduce the frequency of claims resulting from unsafe working conditions in state agencies

**Outcome:** Number of notices, called claims reports, that inform state agencies of potentially unsafe working conditions

FY2006-07 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
13	89	89	89	89	89

**ADVOCACY**

*Goal 6. The department will protect customer interests inside and outside state government.*

**Office of the Insurance Consumer Advocate**

**Objective 6A:** Participate in the review of rate filings submitted to the Office of Insurance Regulation (OIR).

**Outcome:** Percentage of OIR rate filings reviewed and responded to by the Office of the Insurance Consumer Advocate.

FY2009-10 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
5%	5%	5%	5%	5%	5%

**Objective 6B:** Review all incoming individual consumer requests for assistance including inquiries received via internet and e-mail.

**Outcome:** Percentage of requests for assistance that are reviewed, responded to, and/or referred within 10 days.

FY2008-09 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
85%	90%	91%	92%	92%	90%

**Division of Consumer Services**

**Objective 6C:** Ensure consumers are provided full benefits and services as stated in their financial contracts and insurance policies.

**Outcome:** Percentage of consumer activities provided by the department that result in quality service (audit scores).

FY2008-09 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
80%	92%	86%	88%	88%	88%

### Division of Information Systems

**Objective 6D:** Provide exceptional customer service and achieve a customer survey rating of a (4) or better in a 5 point rating scale.

**Outcome:** Percent of customers who returned a customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys (with 5 being highest rating).

FY2008-09 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
95.03%	95%	95%	95.5%	95.5%	95.5%

### Division of Administration

**Objective 6E:** Assist the department in maximizing financial, operational and human resources

**Outcome a:** Percentage of vendor invoices submitted to the Division of Accounting and Auditing for payment processing within 20 days of transaction

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
94%	97%	97%	97%	97%	97.5%

**Outcome b:** Percentage of department employees responding to an annual survey who indicate overall satisfaction with Division of Administration services

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
85%	88%	89%	90%	91%	92%

### Office of the Inspector General

**Objective 6F:** Provide internal customers with what they need most in OIG investigations: timeliness and sufficiency

**Outcome a:** Timeliness. Percentage of internal employee misconduct investigations completed in an average of 75 days

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
60%	90%	90%	90%	90%	90%

**Outcome b:** Sufficiency. By survey, percentage of internal customers who are satisfied with sufficiency of investigation

FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Setting baseline	80%	85%	90%	95%	95%

**Objective 6G:** Provide internal customers with audit coverage of high risk projects and programs

**Outcome:** Percentage of project audits identified in annual audit work plan that are completed

FY2007-08 Baseline	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
20%	70%	70%	70%	70%	70%

## TRENDS AND CONDITIONS STATEMENTS

### **ORGANIZATIONAL OVERVIEW**

*Article IV, Section 4(c), Florida Constitution. The chief financial officer shall serve as the chief fiscal officer of the state, and shall settle and approve accounts against the state, and shall keep all state funds and securities.*

The statewide elected Chief Financial Officer (CFO) heads the Department of Financial Services (referred to in this text as “DFS” or “department”), consisting of thirteen divisions and one program. The CFO is supported by the Office of the Chief of Staff.

The CFO is also a member of the Financial Services Commission, along with the Governor, Attorney General and Commissioner of Agriculture. The Commission is the agency head for two offices receiving administrative and information systems support from the department: the Office of Financial Regulation (OFR) and the Office of Insurance Regulation (OIR). These two offices develop their own long-range program plans separate from the department.

### **PRIMARY RESPONSIBILITIES BASED ON STATUTES**

<b>Programs and Statutes</b>	<b>Description</b>
Division of Treasury Ch. 17 and 280, F.S.	Ensures that state monies, employee deferred compensation contributions, state and local governments' public funds on deposit in Florida banks and savings associations, and cash and other assets held for safekeeping by the CFO are adequately accounted for, completely invested, and protected. Responsible for: <ul style="list-style-type: none"> <li>➤ deposit security (collateral management)</li> <li>➤ funds management and investment</li> <li>➤ deferred compensation (supplemental retirement program)</li> </ul>
Division of Accounting and Auditing Ch. 17 and 717, F.S.	Promotes financial accountability for public funds throughout state government and provides Florida’s citizens with comprehensive information about how state funds are expended. Responsible for: <ul style="list-style-type: none"> <li>➤ providing the public with timely, accurate, and comprehensive information on the financial status of the state, its component units, and local governments</li> <li>➤ pre-audit of disbursements and other financial transactions</li> <li>➤ state employee payroll services</li> <li>➤ recovery and return of unclaimed property</li> </ul>
Division of Risk Management Ch. 284, F.S.	Ensures that state agencies are provided quality insurance coverage at reasonable rates. Provides to all state agencies: <ul style="list-style-type: none"> <li>➤ self-insurance program with coverage for workers compensation, general liability, property insurance and others</li> <li>➤ claims handling services</li> <li>➤ technical assistance in loss prevention and managing risks</li> </ul>

<b>Programs and Statutes</b>	<b>Description</b>
Division of Insurance Fraud  Section 626.989, F.S.	Protects Florida citizens, businesses and consumers from persons who commit financial and insurance fraud. Responsible for: <ul style="list-style-type: none"> <li>➤ investigating suspected insurance and financial fraud</li> <li>➤ issuing public information announcements</li> <li>➤ training for insurers to help deter and combat fraud</li> </ul>
Division of Agent and Agency Services  Chapters 624, 626, 627, 632, 634, 635, 636, 641, 642, and 648, F.S.	Protects the public by licensing individuals and entities and investigating alleged violations of law. Responsible for: <ul style="list-style-type: none"> <li>➤ licensing and appointment of individuals and entities authorized to transact insurance in Florida</li> <li>➤ investigating alleged violations of the Florida Insurance Code</li> </ul>
Division of State Fire Marshal  Ch. 633, F.S.	Assures statewide fire safety. Responsible for: <ul style="list-style-type: none"> <li>➤ licensing and inspections</li> <li>➤ arson investigations</li> <li>➤ professional standards, training and state certification</li> <li>➤ forensic laboratory services</li> </ul>
Division of Rehabilitation and Liquidation  Chapter 631, F.S.	Court-appointed receiver for insurers placed in receivership. Responsible for: <ul style="list-style-type: none"> <li>➤ rehabilitation - take actions necessary to correct the conditions that necessitated the receivership</li> <li>➤ liquidation - maximize the value of the assets of the liquidated company and distribute the assets equitably</li> </ul>
Division of Consumer Services  S. 20.121(2)(h), F.S.	Provides education, information and assistance to consumers for all products or services regulated by DFS or the Financial Services Commission. Responsible for: <ul style="list-style-type: none"> <li>➤ providing information to consumers about insurance-related topics</li> <li>➤ serves as a mediator between consumers and insurance companies</li> </ul>
Division of Funeral, Cemetery and Consumer Services  Ch. 497, F.S.	Protects consumers from illegal practices in the death industry. Responsible for: <ul style="list-style-type: none"> <li>➤ licensing and regulation of death care businesses and professionals</li> <li>➤ investigations and mediation for customer complaints</li> <li>➤ continuing education</li> </ul>
Division of Workers Compensation  Ch. 440, F.S. S. 20.121, F.S.	Regulates employers, insurers, and health care providers, educates and informs all stakeholders of their rights and responsibilities, compiles and monitors system data, holds parties accountable for meeting their obligations. Responsible for: <ul style="list-style-type: none"> <li>➤ auditing insurers to ensure they provide prompt and accurate benefit payments to injured workers</li> <li>➤ ensuring that employers secure workers' compensation coverage</li> <li>➤ collecting trust fund assessments</li> <li>➤ assisting injured workers in obtaining benefits that are due</li> <li>➤ collecting proof of coverage, medical, and claims data</li> <li>➤ resolving reimbursement disputes between health care providers and insurers</li> </ul>



Programs and Statutes	Description
Executive and Department Support	Serves DFS and its stakeholders with necessary support. <ul style="list-style-type: none"> <li>➤ Division of Legal Services</li> <li>➤ Division of Information Systems</li> <li>➤ Division of Administration</li> <li>➤ Office of the Inspector General</li> <li>➤ Chief of Staff</li> <li>➤ Office of the Insurance Consumer Advocate</li> </ul>

## **METHODOLOGY**

The department leadership team met in planning sessions in order to create the initial long range program plan submitted in September 2007. Five goal areas were selected: financial accountability, education, advocacy, fire safety and enforcement. These five became the basis for the mission statement and for all subsequent planning documents. The plan has been reviewed and updated as necessary for fiscal years 2010-2015.

Major sources of revenue for Florida, including sales tax and documentary stamp taxes have been limited due to declining home sales and consumer spending. In addition, the tightening credit market is also putting a strain on Florida’s economy. The Chief Financial Officer views the enforcement and financial accountability programs under this department to be critical for protecting taxpayers and consumers of financial and insurance products. Under the current economic conditions, these programs become even more essential to protecting the public from fraud, waste and abuse of tax dollars and fraud and abuse in the financial and insurance industries.

The priorities of the department discussed in this plan provide the framework for the development of the Legislative Budget Request for fiscal year 2010-11; including the development of proposed recurring reductions to the department’s operating budget as required in the Legislative Budget Request instructions.

## **ADDRESSING AGENCY PRIORITIES**

### **FINANCIAL ACCOUNTABILITY**

***Goal 1: The department will be a vigilant steward of the state’s and its people’s resources.***

The Chief Financial Officer is required by the Florida Constitution to “***serve as the chief fiscal officer of the state, and settle and approve accounts against the state***” (Art. IV, Sec. 4 (c)). In order to accomplish this, the CFO is responsible for verifying that every dollar is spent legally and that Floridians receive the services for which they pay. The CFO is responsible for statewide investigations of allegations of fraud, waste, or abuse involving State of Florida property and money. The CFO’s ability to fulfill her responsibility is affected by the state’s spending practices and adequate management controls. The CFO also has statutory

responsibility for investigating allegations of fraud, waste, or abuse involving State of Florida's property and money (Chapter 17.04, F.S.).

***Division of Accounting and Auditing.*** (Ch. 17, F.S.) The Division of Accounting and Auditing is responsible for the accounting, auditing and reporting of the state's financial information and the fiscal integrity of that information. State government decision makers and the public rely on the Division for understanding what the state is buying and whether it is receiving what it paid for.

The state's financial information system, the Florida Accounting Information Resource System (FLAIR) has hampered the state's efficiency and effectiveness; it is run on an outdated system, lacking the flexibility and capabilities of current technology. FLAIR caters to each individual agency need rather than operating in a standardized environment. The Division plans to assemble a workgroup for the purpose of reviewing and standardizing financial business processes as a prelude to the implementation of a successor financial and cash management system.

***Division of Accounting and Auditing. Bureau of Accounting, Bureau of Auditing, and Bureau of State Payrolls.*** These bureaus are developing and piloting statewide performance measure in order to improve State Agencies' accountability in managing the state's financial resources. Currently, 7 performance measures have been implemented for 4 pilot State Agencies. They are in the following areas of accountability: statewide cost allocation plans, contract and grant agreements, electronic funds transfer, prompt payment, warrant escheatment, statewide financial reporting, disbursement documentation. For Fiscal Year 2009 – 2010, 7 additional measures will be implemented for 10 pilot State Agencies. Each fiscal year additional measures will be developed and implemented. The Division is developing an Enterprise Dashboard that will support the role-out of these performance measures to all State Agencies.

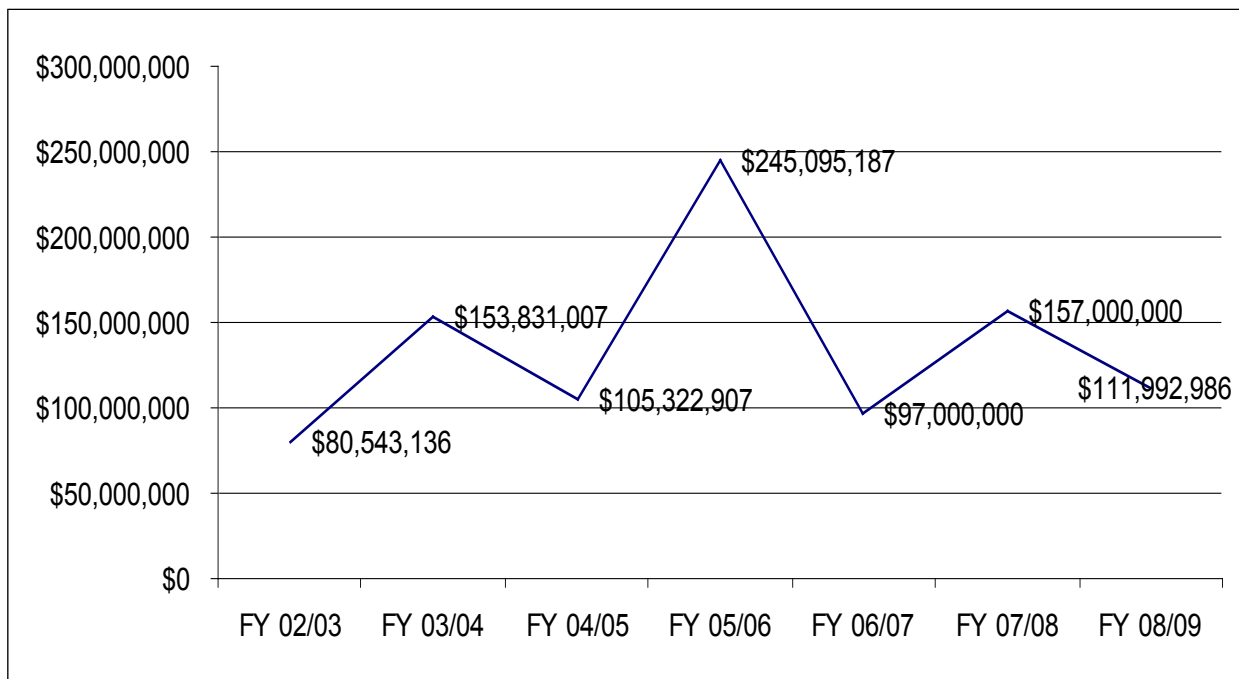
***Division of Accounting and Auditing. Bureau of Local Government.*** This bureau is responsible for performing financial reviews of the County Clerks of Circuit Court Offices, pursuant to Section 28.36(8), the establishment of a uniform classification of accounts for Local Governments, and the review and compilation of financial information from the Local Government's Annual Financial Reports, pursuant to Sections 218.32 and 218.33 F.S.. The Bureau implemented an E-Reporting system to collect, store, and report financial information from the Local Governments in November 2007 and is in the process of developing performance measures to improve Local Government's financial reporting to the Department.

***Division of Accounting and Auditing. Office of Fiscal Integrity.*** The Office is responsible for investigating allegations of fraud, waste, or abuse involving State funds. The Office expertise is used in assisting the Division with enhancing internal controls to prevent fraud or abuse of state funds. The Office conducts preliminary investigations and when appropriate submits evidence to the State Attorney's Office for prosecution. Many of the investigations have led to the arrest and conviction of the principal party or parties involved.

***Division of Accounting and Auditing. Bureau of Unclaimed Property.*** Currently, the Chief Financial Officer holds unclaimed property accounts valued at more than \$1 billion, mostly from

dormant accounts in financial institutions, insurance and utility companies, securities and trust holdings. In addition to money and securities, unclaimed property includes tangible property, such as watches, jewelry, coins, currency, stamps, historical items and other miscellaneous articles from abandoned safe deposit boxes. Proceeds from auctions and unclaimed financial assets are deposited into the State School Fund, where it is used for public education. The state provides this service to those who file to re-claim their property; moreover, no statute of limitations applies to claims. Owners can claim their property at any time and at no cost.

For businesses holding unclaimed property and for individuals who may have unclaimed property, the Bureau is seeking to increase public awareness of the law (Ch. 717, F.S.). Not all institutions required by statute to report unclaimed property do so. Also, many persons who are owners of unclaimed property either are not aware or are solicited unnecessarily by firms that charge for retrieving the property. Internally, the Bureau is working on improving its processing times for reports and claims in order to serve the public more efficiently.



*Figure 1-BUP. Unclaimed property receipts (net amounts) transferred to State School Fund.*

By law, unclaimed property receipts are deposited to the State School Fund, a revenue source appropriated for education (Figure 1-BUP). Thus, three years' worth of securities (five-year, four-year and three-year property) were remitted in FY2006. With the large majority of receipts received near the fiscal year's end, most claims on that property were made and paid the following year. This dramatic increase contributed to record claims payments (\$171 million) in FY2007. Other factors included increased publicity and the Bureau's effective proactive owner notification and more proficient claims processing. These factors, combined with a more "normal" level of receipts in FY2007 (\$271 million), resulted in the lower net transfer to the school fund.

The *Division of Risk Management* is authorized to administer the State Risk Management Trust Fund (Ch. 284, F.S.) and to handle claims on behalf of state agencies for casualty and property lines of coverage (*Table 1-RM*). The Division has 101 employees of whom approximately 95% are dedicated to claims handling services for workers' compensation; general liability, automobile liability; federal civil rights; employment discrimination; court-awarded attorney fees; and property coverage. Four staff provides loss prevention service and training to State insured entities and two additional loss prevention positions will be filled in FY 2009-2010. Two clerical staff supports loss prevention activities.

<b>Claim type</b>	<b>Number of claims filed in FY 2008-2009</b>
Workers' compensation	13,842
General and auto liability	2,378
Federal civil rights	238
Employment discrimination	345
Property	156
<b>Total</b>	<b>16,959</b>
Average number of claims handled per employee in FY2008-2009	253

*Table 1-RM. Number of claims filed by claim type in FY2008-2009*

While the number of claims received by the Division has remained constant, with the exception of property claims during the 2004 and 2005 hurricane seasons, claim complexity and severity have increased. External forces, such as catastrophic natural events; legislation; excess property market availability; case law; and unlimited exposure and actuarial unpredictability of federal civil rights cases have impacted claims handling and adjusting. To meet the challenges of these emerging trends, and to properly adjust claims, the Division intends to improve the efficiency of claims handling and customer communication.

*The number of workers' compensation claims occurring in each of the past five fiscal years has remained fairly constant. However, the total claims payments were 6% higher in FY 2008/2009 compared to FY 2006/2007. The increase in claims payments was primarily due to increased claims cost in 2008/2009 as a consequence of increased costs for clinician services and pharmaceuticals.*

To provide managerial and actuarial information on loss payments and timely payments to claimants and vendors, claims are paid using a risk management information system that accumulates payment information in a relational database. Claims-related payments are authorized by the appropriate claims adjuster and paid by the Division's internal finance section.

Approximately 64,000 transactions in the form of check or automated clearing house (ACH) transaction are issued each fiscal year. Payments are made through the Loss Payment Revolving Fund that maintains a \$4,000,000 balance. The Revolving Fund is part of the consolidated revolving account maintained by the Division of Treasury. The Revolving Fund is replenished as needed from the division's operating fund maintained in FLAIR. Excess operating funds are

invested in an account maintained by the Division of Treasury. Large claim payments that could cause the Revolving Fund to exceed its authorized balance, or claim payments made to other state agencies, are processed through FLAIR.

Workers' compensation medical payments are paid by a contractor that provides medical case management services through funds advanced to the contractor pursuant to Sec. 284.33, Florida Statutes. The contractor is required to provide an annual examination of the advanced funds activities by an independent CPA firm as well as a SAS (Statement on Auditing Standards)-70 audit. The contractor provides weekly information on payments made from the advanced funds, and is reimbursed for those payments through FLAIR. In FY2008-2009 the division has utilized a consultant, to develop a contract monitoring tool to ensure the State's workers' compensation medical case management contractor is providing contractually required services and funds advanced to the contractor are used appropriately while maximizing value to the State.

***Division of Treasury*** ensures that state monies, employee deferred compensation contributions, state and local governments' public funds on deposit in Florida banks and savings associations, and cash and other assets held for safekeeping by the Chief Financial Officer are adequately accounted for, invested and protected.

***Division of Treasury. Bureau of Funds Management.*** The Bureau, which is responsible for posting state receipts and disbursements, performing cash management services, and investing available funds, is working to integrate its systems. The Bureau's non-integrated computer systems hinder transaction efficiency. The Bureau of Funds Management intends to develop and implement an automated general ledger system and to remedy audit concerns for current Cash Management Service application issues. This project will allow Treasury to address Office of the Auditor General's system and operational audit findings.

***Division of Treasury. Bureau of Collateral Management.*** Florida has 213 Qualified Public Depositories with over \$19 billion in public money on deposit. These deposits are protected by more than \$18 billion in pledged assets and a shared contingent liability managed by the Bureau. Due to the current overall economy in the Florida financial industry, the bureau has increased the monitoring of the state's Qualified Public Depositories. Analysis and oversight is more frequent and more in depth than it has been in the past. The monitoring will help the Bureau to more accurately gauge the appropriate collateral requirements for these depository institutions.

***Division of Rehabilitation and Liquidation.*** Pursuant to Chapter 631, F.S., the department acts as the court-appointed receiver for Florida insurance companies ordered into receivership. Based on a fifteen-year average workload, four insurers are placed in receivership each year, primarily in the areas of life, health, and property and casualty insurance. During FY2008-09, the department became receiver of three insurers – two health maintenance organizations and a property and casualty insurer. As a result of statute and court orders, the division handles liquidation proceedings on behalf of the department.

The number of insurers entering receivership in any one year depends on factors that are outside the division's control, including financial condition, management competency, market conditions or fraud. Based on trends across all industry segments, the division expects that insurers will be placed in receivership at or near the same rate over the next five years. Absent a catastrophic

event in the property insurance market, no major increase in the number of receiverships is expected from this industry segment. The division focuses on maximizing the value of the estate of an insurer in receivership for the claimants.

***Goal 2. The department will ensure financial accountability in state contracts.***

The CFO is committed to improving the contracting process to enhance state government efficiency and effectiveness. Too many state contracts lack quantifiable and measurable deliverables, clearly defined work statements, and performance standards reported routinely in order to justify payment.

***Division of Accounting and Auditing. Bureau of Auditing.*** This bureau seeks to improve state agency compliance with disbursement standards by ensuring that agency contracts have sufficient requirements to support and document (1) the scope of work and measureable deliverables (2) remedies for non-performance, and (3) the statutory requirements in Ch. 215, 216, and 287 F.S., and (4) the federal grant reporting requirements from the Office of Management and Budget.

***Division of Administration. Bureau of General Services.*** The department completed a review of its contracting procurement process and has implemented improvements with three areas of emphasis in DFS procurement operations: equity, integrity and efficiency. A Contract Procurement Guide was developed as a handbook for anyone in the department who procures or assists in procurement. The department is currently evaluating its internal contract management practices incorporating the contract management life cycle and additional monitoring to ensure department contracts consistently meet accountability standards.

## **ENFORCEMENT**

***Goal 3. In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.***

***Division of Insurance Fraud.*** Pursuant to sec. 626.989, F.S., the Division of Insurance Fraud is charged with investigating and establishing criminal cases against all persons and entities violating the state's insurance fraud and workers' compensation fraud statutes, insurance and workers' compensation federal codes and other related statutes.

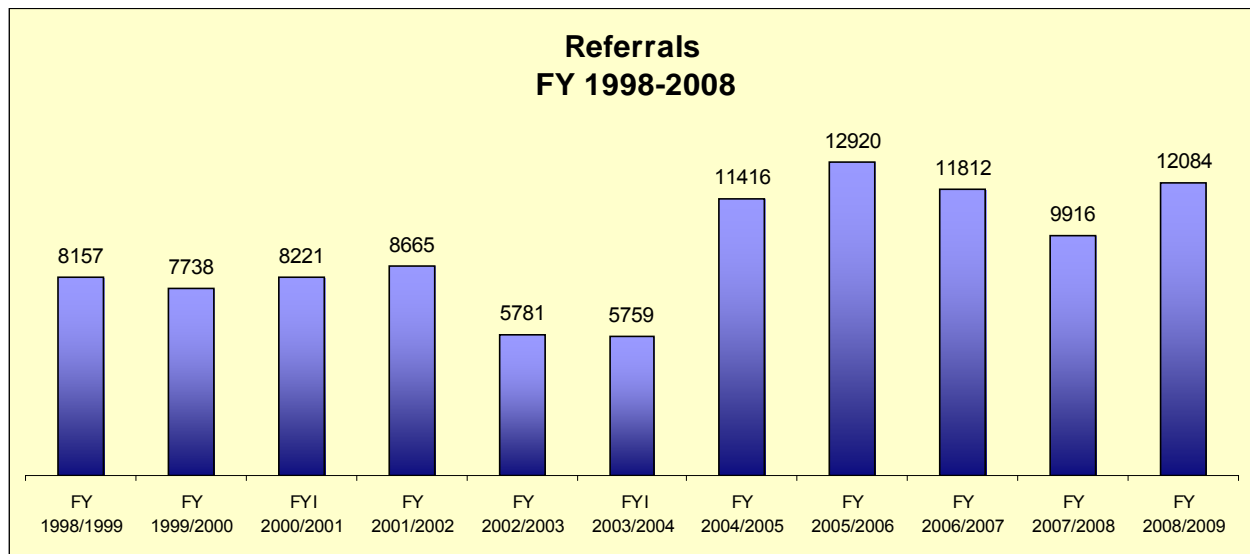
The Coalition Against Insurance Fraud, a national alliance of consumer groups, insurance companies and government agencies, recognized Florida's Division of Insurance Fraud as a national leader in the fight against insurance fraud. According to the Coalition's most recent statistics, Florida's Division of Insurance Fraud has been a perennial leader in the number of arrests, cases presented for prosecution, and convictions related to insurance fraud. The Division of Insurance Fraud continues to rank in the top three of benchmark standards measured by the Coalition (arrests, convictions and court ordered restitution). For fiscal year 2007/2008, the Division of Insurance Fraud reported 816 arrests, ranking 2<sup>nd</sup> in the nation behind California with 1,065 arrests and ahead of New York with 708 arrests, New Jersey with 458 arrests and

Pennsylvania with 372 arrests. In FY 2008/2009, the Division of Insurance Fraud reported 834 arrests.

Also, according to the Coalition, California reported receipt of 23,947 referrals in FY 2007/2008, and New York reported receipt of 22,079 referrals while comparatively, Florida received 9,916 referrals. This comparison is notable considering Florida's performance within the measured benchmarks as well as the comparative number of sworn members employed with the Division. In 2007/2008, California employed 217 sworn members while Florida employed 153 sworn members, and New Jersey employed 156 sworn members.

When taking into account court-ordered victim restitution, the division generates revenue in excess of its budget on an annual basis. For the fiscal year 2007/2008, the division's budget was \$16,972,216. In contrast, the division secured \$94M in court ordered restitution, accounting for no less than \$5.50 in restitution dollars returned on every dollar spent funding the Division.

The division has experienced continued growth in the number of insurance fraud related referrals over a ten year span; between FY 1998/1999 and 2008/2009, referrals increased 48% (*Figure 1-IF*).



*Figure 1-IF. Number of reported insurance fraud referrals received between FY1998 and FY2008. The Division experienced a 48% increase during the 10 year period: from 8,157 referrals received in FY 1998 to 12,084 received in FY 2008.*

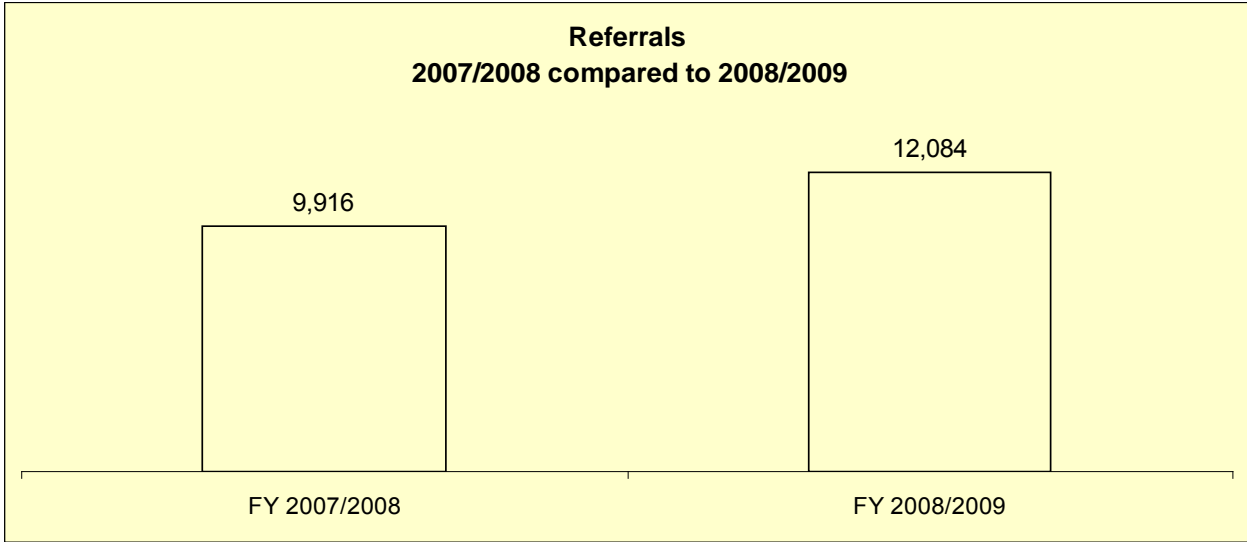


Figure 2-IF. Referrals have increased comparatively from FY 2007/2008 to FY 2008/2009, most likely as a result of the increase in insurance fraud as an impact of the declining economy, as well as those schemes which directly impacted the decline of the economy.

Moreover, the division continues to see increases in the number of convictions, which have increased by 45% over the past 10 years (Figure 3-IF). Legislation mandating prison terms for those convicted of certain insurance fraud related offenses is certainly a contributing factor, wherein defendants are increasingly willing to plea bargain.

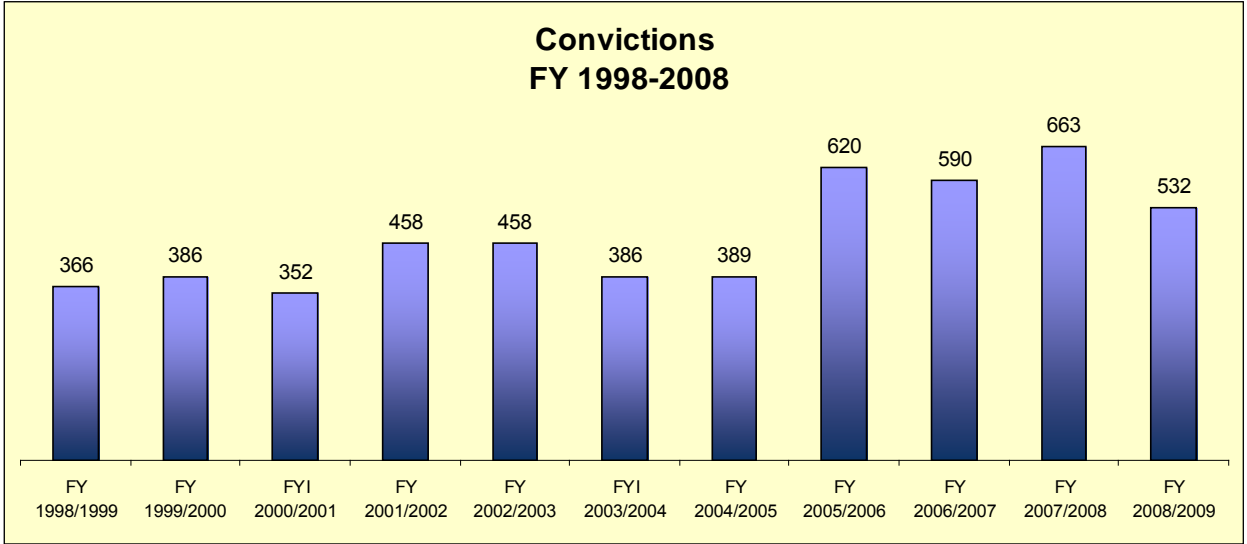
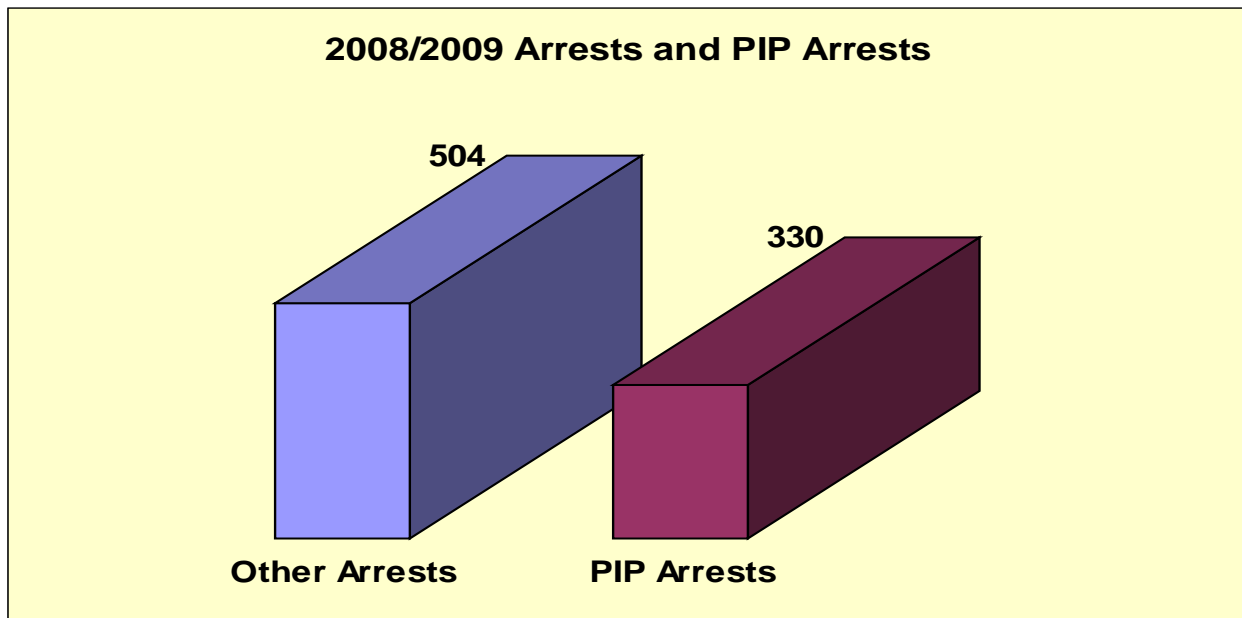


Figure 3-IF. Convictions have increased by 45% over the past 10 years.

Division law enforcement personnel are increasingly engaged in physical and electronic surveillance. Surveillance, while more expensive than other investigatory methods, produces evidence that otherwise might not be attainable. Investigators working on staged auto accidents, workers' compensation premium fraud in check cashing stores, clinic fraud, and other complex cases requiring tactical investigative strategies, use surveillance as a routine practice. Personal



Injury Protection (PIP) arrests, primarily for staged accidents, account for 40% of the division's arrests. The use of surveillance in such complex cases has contributed to the division's success (*Figure 4-IF*).



*Figure 4-IF. PIP arrests compared to all arrests for FY 2008/2009.*

The division now has access to the services of seven (7) dedicated prosecutors in State Attorney's Offices across the state, whose mission is to prosecute insurance fraud cases exclusively. The addition of dedicated prosecutors is anticipated to increase prosecutions and convictions in areas such as Dade, Hillsborough, Orange, Duval, Palm Beach and Broward Counties.

The division's PIP fraud investigative efforts are enhanced through active participation with Medical Fraud Task Force headed up by the National Insurance Crime Bureau (NICB). Attendees include NICB agents, local, state, and federal law enforcement officers, and members of the insurance industry. The development of the Crime Intelligence Analyst Unit has contributed to greater participation by the division; Crime Intelligence Analyst Supervisors and Crime Intelligence Analysts from ten (10) field offices across the state attend the task force meetings regularly and contribute to joint task force initiatives.

Workers' compensation fraud continues to be a problem in Florida, accounting for nearly 29% of the division's arrests. The division plays an active role in the Florida Workers' Compensation Task Force in order to stay abreast of emerging issues.

The challenges with hiring and retention faced by the division in years past improved dramatically with the implementation of a rate increase matrix implemented by division commanders, with funds appropriated from the legislature, primarily based on performance measurements. These processes allowed the division to offer more competitive salaries with other law enforcement agencies. The introduction of the Department of Financial Services Law

Enforcement Academy and the implementation of a sophisticated field training officer program further enhanced the productivity of the Division. And, further appealing to applicants is the most notable accomplishment in Fiscal Year 2008/2009 when the Division of Insurance Fraud received the prestigious law enforcement accreditation from the Commission for Florida Law Enforcement Accreditation; a highly prized 260 standard recognition of law enforcement professional excellence.

In spite of the 834 record arrests during FY 2008/2009, which represents an increase of 85% over the past 10 years (between FY 1998/1999 and FY 2008/2009) (*Figure 5-IF*), of primary concern is the division's ability to develop each of these cases so that prosecutors can obtain convictions leading to prison sentences, a condition the department believes is a deterrent to others contemplating similar crimes.

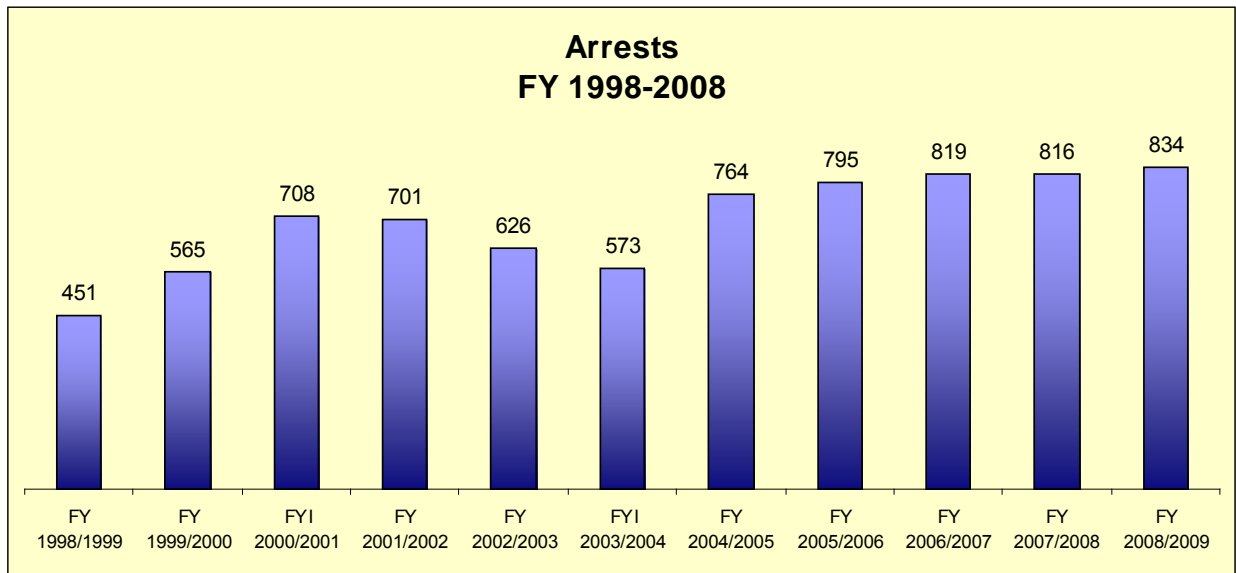


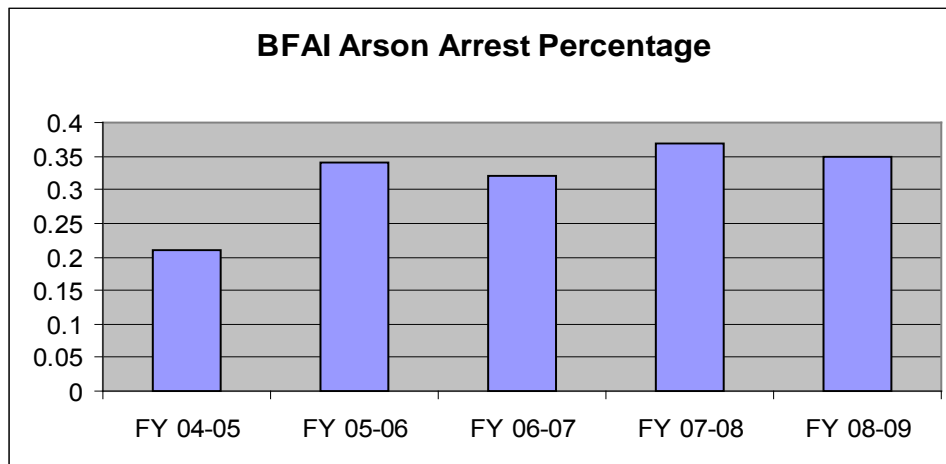
Figure 5-IF. Arrests increased 80% from FY 1998/1999 to FY 2008/2009.

***Division of State Fire Marshal. Bureau of Fire and Arson Investigations.***

The Bureau of Fire and Arson Investigations (BFAI) is the law enforcement bureau of the Division of State Fire Marshal. The Bureau is responsible for initial investigation of the origin and cause of fires and explosions, criminal investigative duties associated with fires and/or explosions, and the reports relative to explosions or explosive devices and other law enforcement activities, as required by law (633.03, F.S.). BFAI is also a member of the State Emergency Response Team; responding to natural and manmade disasters statewide. Additionally, BFAI is an active member of the seven Florida Regional Domestic Security Task Forces.

The Bureau continues an overall increase in arrests for arson and other related crimes in the past five years (*Figure 1-BFAI*). Arrests have been projected to increase since the State Fire Marshal implemented Rule 69A-61.001, F.A.C. in August 2003. This rule requires the local fire department/law enforcement agency to conduct a preliminary fire cause investigation prior to

requesting assistance from the State Fire Marshal. The Bureau now concentrates on solving the fires most likely caused by arson.



*Figure 1-BFAI*

Thirty-five to fifty percent of the fires/explosions investigated by this agency are determined to be arson fires. Twenty to thirty percent of these fire cases are cleared by arrest.

Many conditions have an impact on the crime of arson or explosions and their investigation:

**Economic** - In times of economic uncertainty, local fire and police agencies employing fire investigative units seek ways to decrease spending by minimizing or eliminating specialized units. This trend is ongoing and affects many fire service agencies statewide. Small, Medium and Large Fire Service and law enforcement agencies have eliminated their Arson Investigation Units and referred these investigations to the Bureau.

As economic trends move downward, some desperate individuals respond to the financial pressure by using fire to destroy property and gain insurance pay-outs. The National Association of Realtors has stated that home prices in Florida continue to plunge. Home foreclosures continue to increase. The State Fire Marshal has a concern that falling home prices and increasing foreclosures provide a motive for fraud, liquidating property, dissolving a business or destroying unprofitable inventory through arson.

**Technological** - New materials and synthetics used in building and furnishings react with fire differently than traditional natural materials, requiring up-to-date research into the determining fire cause and origin. The public sector, given its budget constraints, is less likely to have modern state-of-the-art technology available. This technology includes laboratories with the ability to re-create specific scenarios, fire modeling templates, and information presentation technology for displaying evidence in trials.

**Terrorism** – Terrorist activity continues to increase throughout the world. Fire and explosives are two of the weapons in the terrorist’s arsenal. These tools are used not only for the primary goal of inflicting human life and property loss against their enemies, but also to increase media exposure that brings attention to their extremist ideology. To increase the damage and subsequent media coverage, many times the terrorists will use a second explosive device that is timed to explode several minutes

after the first explosion has detonated to intentionally, kill, maim and injure the initial explosion survivors as well as responding law enforcement, fire service and emergency medical personnel. In a recent national survey of over fifty bomb squads, the Bureau's squad ranked twelfth in the number of Explosive Ordinance Disposal (EOD) call-outs. Among other State Police EOD units, the Bureau's EOD Unit ranks second in EOD callouts. Over 42% of all Bureau EOD call-outs turn out to be live explosives. The FBI and ATF have reported Florida as second in the nation in explosive events.

The Florida Advisory Committee on Arson Prevention has reported that "arson for profit" is one of the fastest growing crimes in the country. Arson cases require extensive investigations, involving proof that the fire was intentionally set as well as tracking the fire setters and determining their motives.

**Division of State Fire Marshal. Bureau of Forensic Fire and Explosives Analysis. (Sections 633.01, 633.03, 633.101 and 633.111, F.S.)** The Bureau of Forensic Fire and Explosives Analysis (BFFEA) is the only state crime laboratory performing forensic analysis of fire and explosion evidence. Since FY2004, the number of items processed per year has increased an average of 1.85% per year.

In FY2009 there was a 5.01% increase in the number of samples processed in FY2004. For that period the number of full-time positions has remained the same. Compared to the immediate past fiscal year, the Bureau saw a 2.93% decrease from FY2008 in the number of evidence samples, analyses, and images processed.

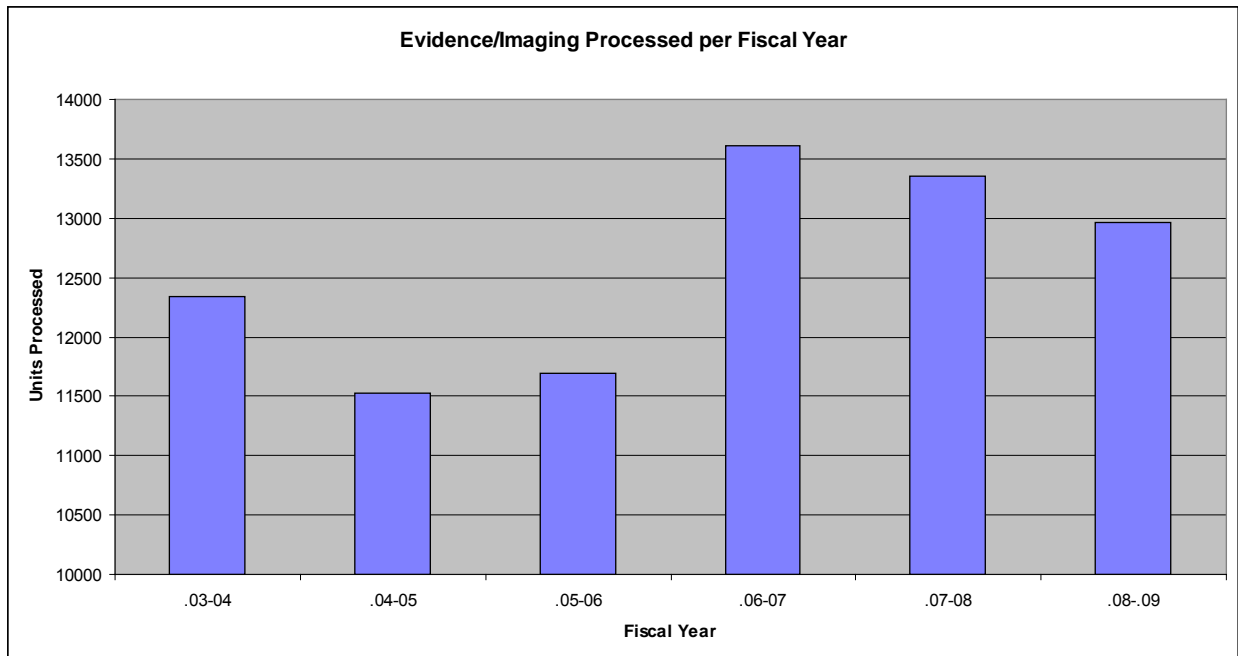


Figure 1-BFFEA. Evidence samples, analyses and images processed from FY2004 to FY2009.

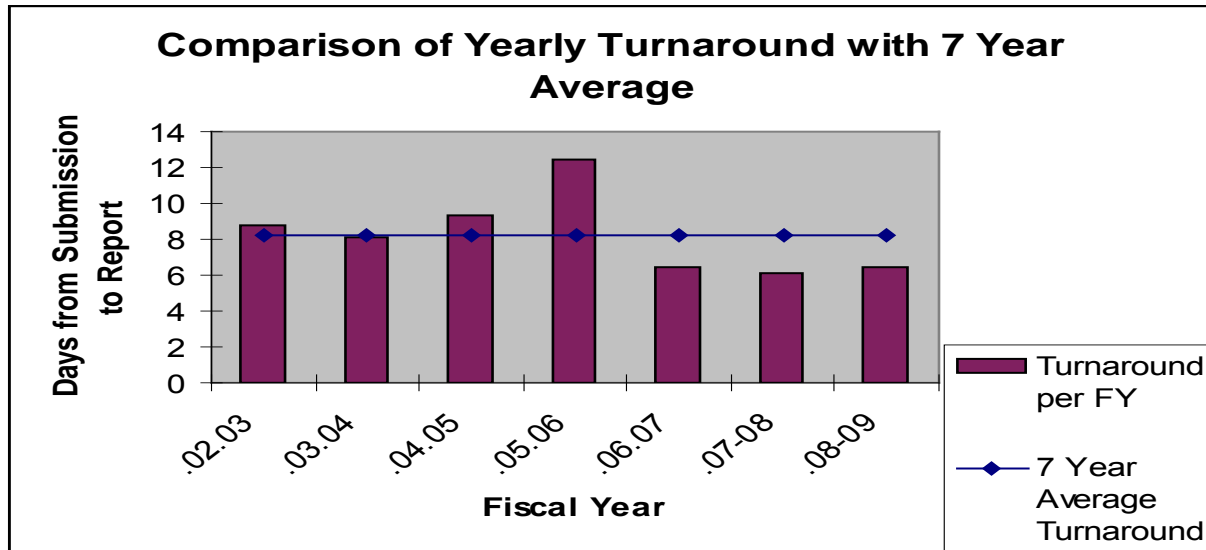


Figure 2-BFFEA. Average turnaround time for sample processing from FY2003 to FY2009.

Despite the trend for workload increases, the Bureau has kept the average turnaround time for completed sample analyses to under the seven year mean of 8.26 calendar days (Figure 2-BFFEA) and the measured average for the past three years is well under the mean.

Scientific, accreditation and forensic requirements for laboratories continually increase. These require upgrades and updates to laboratory processes, procedures, personnel, and equipment. The process requiring the greatest effort is achieving accreditation for the Bureau under the forensic laboratory overlay of the International Standards Organization's 17025 standard. The requirements for accreditation while laudable, increase the number of reviews, checks, and control over evidence and testing processes which will likely impact the Bureau's turnaround time and cause it to increase. This will not be known for certain until after accreditation (2010 goal) and whether the Bureau will receive the funds and personnel suggested by the accreditation process and inspections.

**Division of Funeral, Cemetery and Consumer Services.** The Division regulates approximately 9,500 death-care industry licensees of various types. Over a thousand new applications for licenses are received each year. Most of these applications require checking criminal and disciplinary history backgrounds. Many applications require assuring compliance with detailed educational, technical training, and internship requirements. Many license categories require administration of a test for licensure, and an inspection of proposed facilities. Over 1200 licensees must have their facilities inspected every year by Division staff. Over 500 licensees must maintain trust accounts regarding preneed sales and cemetery care and maintenance funds, and the Division is charged with conducting periodic examinations of these trusts and related records, to assure compliance with the law. Consumers and fellow licensees file complaints against licensees, and the Division is required to investigate complaints, and where appropriate, prepare and support legal proceedings against licensees. The Division is also charged with investigating and taking action against unlicensed activity.

When the Division was created in 2004, it was estimated that 35 staff would be needed, and the legislature approved that number of FTE positions. However, due to funding limitations, the Division has never been able to fill more than 25 of those positions and due to budget reductions

the Legislature in 2009 reduced allowed staffing to 24 FTEs. Therefore the Division has been and remains challenged to prioritize and focus on the most essential elements of its regulatory responsibilities.

Yearly, the Division staff members field hundreds of external calls from consumers, licensees, public officials, media, and other agencies. The Division does not have staff members solely devoted to handling such calls. Rather, in addition to their daily workload, staff members handle these calls as they come into the Division. Because many of the calls involve consumer complaints related to a deceased family member or loved one, these calls often involve individuals who may be emotionally stressed or agitated due to the particular facts of their situation. Thus, staff members have to take special care to handle these calls in a manner that addresses consumer complaints in an appropriate and reasonable manner.

Unique in DFS, the Division does not make the final regulatory decisions in most cases. Instead, the Division does the ground work and presents results and recommendations to the state Board of Funeral, Cemetery, and Consumer Services, for its decisions. The requirement that all applications for licensure go through the Board, combined with the fact that the Board meets once a month, presents a recurring challenge to the Division is dealing with applicants who want their license applications ruled on as quickly as possible.

***Division of Workers' Compensation. Bureau of Data Quality and Collection/Bureau of Monitoring and Audit.*** The division's labor-intensive, paper-driven claims reporting process was inefficient for both the insurance industry and the state. Insurers used hard copy files to submit paper claim forms, which in many cases created reporting delays. Communications necessary to reconcile claim and indemnity payment issues were performed only by postal mail or telephone. As a consequence, the division's access to data was delayed along with its ability to timely monitor and analyze the payment of benefits and to promptly assist workers with legitimate workers' compensation claims.

The division instituted electronic data collection systems for all medical and benefits data in the Bureau of Monitoring and Audit (the Centralized Performance System), and the Bureau of Data Quality and Collection (the Medical Data System). These two systems have significantly increased data reporting accuracy and efficiency to better serve customers.

The Medical Data System collects medical data that transfers seamlessly to the Centralized Performance System, which also provides customized performance feedback reports to customers. The Centralized Performance System electronically reviews and analyzes the First Report of Injury (DWC-1) form data and all workers' compensation medical billing form data for timely payment and form filing requirements. The system is an interactive, web-based process, which allows stakeholders to respond to performance feedback in real-time.

As a result of improved system information and performance, 100% of all medical bills submitted (4.2 million in FY 2008-09) are being examined for timely disposition. Over the past several years, the division has increased the examination of medical bills from approximately 2% (about 80,000 medical bills) at on-site audits to 100% in-house review through electronic data collection. The division can now hold insurers more accountable for timely data filing and

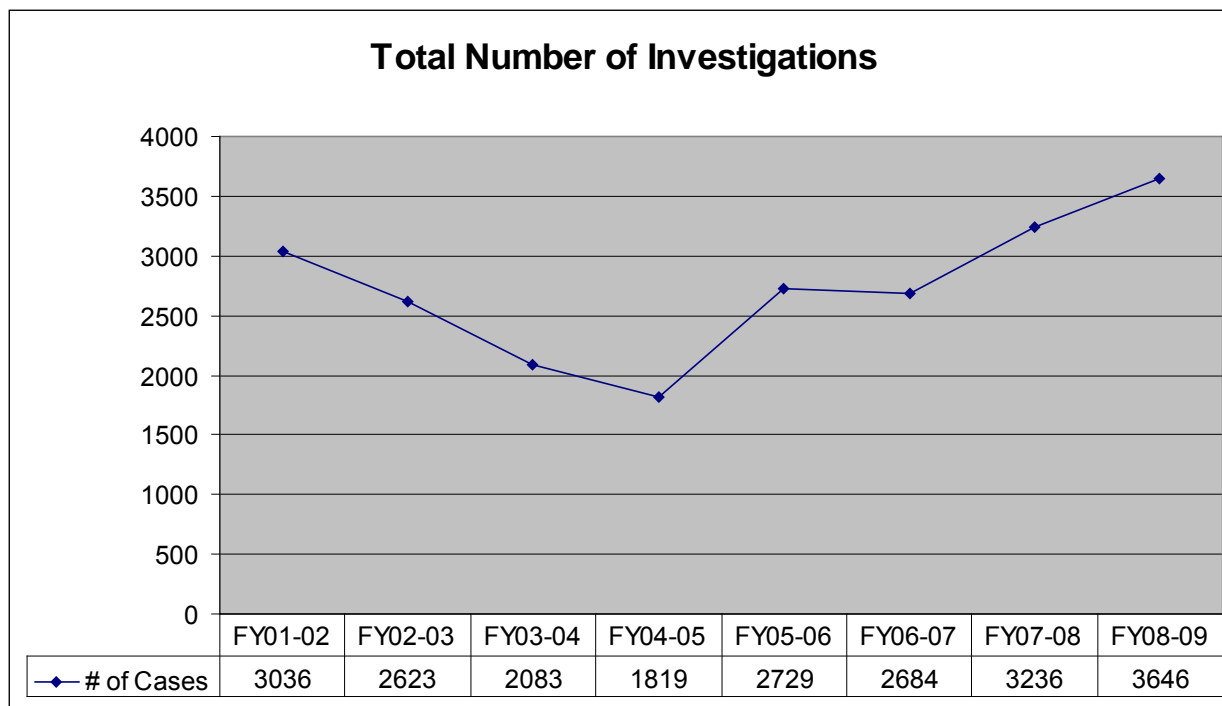
accurate benefit payment than it could by reviewing hard-copy documents. Additionally, the electronic reporting system allows the division data to become promptly transparent to stakeholders, industry, and the public.

As part of this new medical data system, the division created a website for small insurers, including self-insured employers, who submit fewer than 200 medical bills per month. The website allows direct entry, review and management of medical claims data without the necessity of hiring extra technical staff or outside vendors. All insurers are now able to comply with the statutory mandate, regardless of size or resources.

Along with the medical EDI data initiative, an indemnity claims EDI mandate was adopted by administrative rule in January 2007 that required Florida's insurance community to begin phasing in their claims related paper filed forms to EDI filings beginning November 2007, and concluding October 2009. The phase-in approach has been successful and is on track as over 94% of claims related filings were received in June 2009 by the new EDI method.

The division aspires to be a model in the accurate calculation of permanent total supplemental disability benefits. The amount of benefits is tied to the statutes in effect at the time of the covered injury. However, case law constantly changes how these benefits are calculated. The division's internal and external audit processes identified major discrepancies in the benefit calculations, prompting the division to evaluate all court decisions, and educate the industry on how to utilize a consistent calculation process. The audit process also identified the division's long term permanent total supplemental disability benefit liabilities, as well as opportunities to resolve those liabilities at the earliest date.

***Division of Agent and Agency Services. Bureau of Investigation.*** In FY 2008-2009, the Bureau received complaints against licensees, insurance agencies and unlicensed persons that resulted in 3,646 investigations being opened. Seven hundred forty-one (741) investigations, or 20%, resulted in formal disciplinary action such as license suspension or revocation, including restitution and administrative fines and costs. The investigations were handled by 56 investigators located in Tallahassee and 9 field offices.



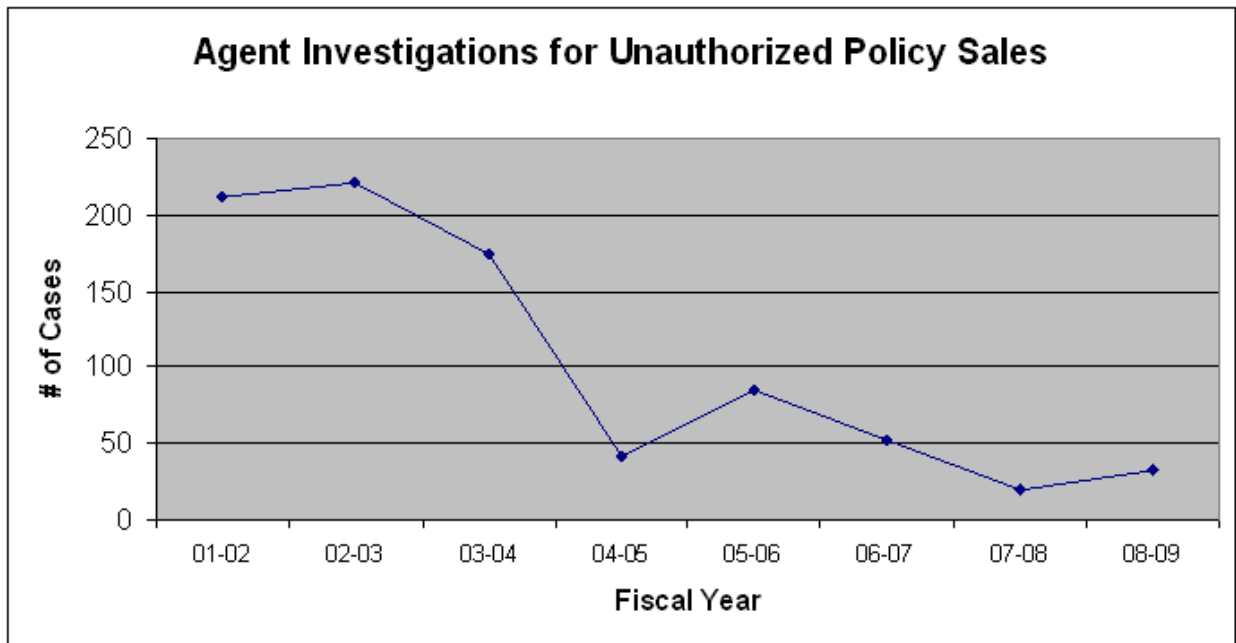
Seniors citizens continue to be targeted by unscrupulous agents' deceptive practices in annuity sales. In FY 2006-2007, the bureau opened 142 investigations relating to the senior annuity market. In FY 2007-2008, 284 investigations were opened and in FY 2008-2009, 267 investigations were opened. Seniors have also recently been targeted by agents to participate in Stranger Owned Life Insurance (STOLI) transactions. In FY 2008-2009, the bureau opened 14 investigations related to STOLI's. These are transactions where an agent promotes the purchase of a large life insurance policy by a senior for the sole purpose of later reselling the policy to an investor. STOLI transactions are legal in Florida; however, misrepresentation and lack of disclosure on insurance applications are beginning to generate inquiries and complaints against selling agents. Further, insurance companies are becoming more vigilant monitoring applications being submitted for suspected STOLI transactions and reporting to the Department those agents and consumers not truthfully disclosing the purpose of the insurance purchase. The division expects this trend to continue to increase its workload.

The majority of active title investigations involve title insurance agents and agencies failing to fulfill their fiduciary responsibilities to Florida consumers or title insurer. Investigations involved allegations that proper premiums were not forwarded to title insurer; escrow funds of consumers were not suitably protected, and the agent failed to disburse funds from a closing accurately and timely.

In FY 2008-2009, 1,334 title investigations were opened. Of those investigations, 952 were relating to title surcharges or surety bonds. The remaining 382 investigations, 54 (14%) were for fraudulent and deceptive practices, 51 (13%) were misappropriation of fiduciary funds and 43 (11%) were escrow violations.



During the past 20 years, the Department has seen 2 peak periods of sales of unauthorized health insurance products in Florida. The cycle appears to run every 8-10 years and we are beginning to see an increase in this activity. The last peak was during FY 2002-2003, when we opened 221 investigations against agents who sold insurance policies on behalf of insurance companies not authorized by the Office of Insurance Regulation (OIR) to sell policies in Florida. For the fiscal years before and after this peak, we opened 211 and 174 investigations, respectively. The sale of unauthorized insurance policies often results in consumers suffering significant financial harm. Most unauthorized insurance companies are unable to pay claims or are set up with no intention of ever paying claims, only to pocket premiums paid by consumers. We are currently taking proactive measures to help deter this practice by disseminating warnings to both agents and consumers and taking swift action against violators.



The Bureau requires investigators with both insurance knowledge and transactional experience in order to effectively protect consumers from fraudulent schemes. However, talented investigators have been leaving for better paying jobs. For example, in FY 2002-2003, the Bureau saw a turnover of 15 investigators; 4 in FY 2003-2004; 7 in FY 2004-2005; 15 in FY 2005-2006; 8 in FY 2006-2007; 6 in FY 2007-2008; and 5 in FY 2008-2009. Even within the department, the Bureau has experienced significant competition for investigators. Investigators in the Office of Financial Regulation (OFR) have an average salary of \$44,993 as compared to the Bureau's average of \$35,443, a 21% gap. The Bureau's investigators comprise 4 pay grades, ranging from pay grade 20 to pay grade 26. The majority (71%) are pay grade 20. OFR's investigators comprise 3 pay grades ranging from pay grade 21 to pay grade 25. The majority (58%) are pay grade 25. Of the 5 investigators who resigned from our bureau during FY 2008-2009, 3 were lost to the Office of Financial Regulation (OFR) for higher compensation.

**Division of Agent and Agency Services. Bureau of Licensing.** In FY 2008-2009, the Bureau of Licensing received approximately 113,000 new applications for insurance licenses;

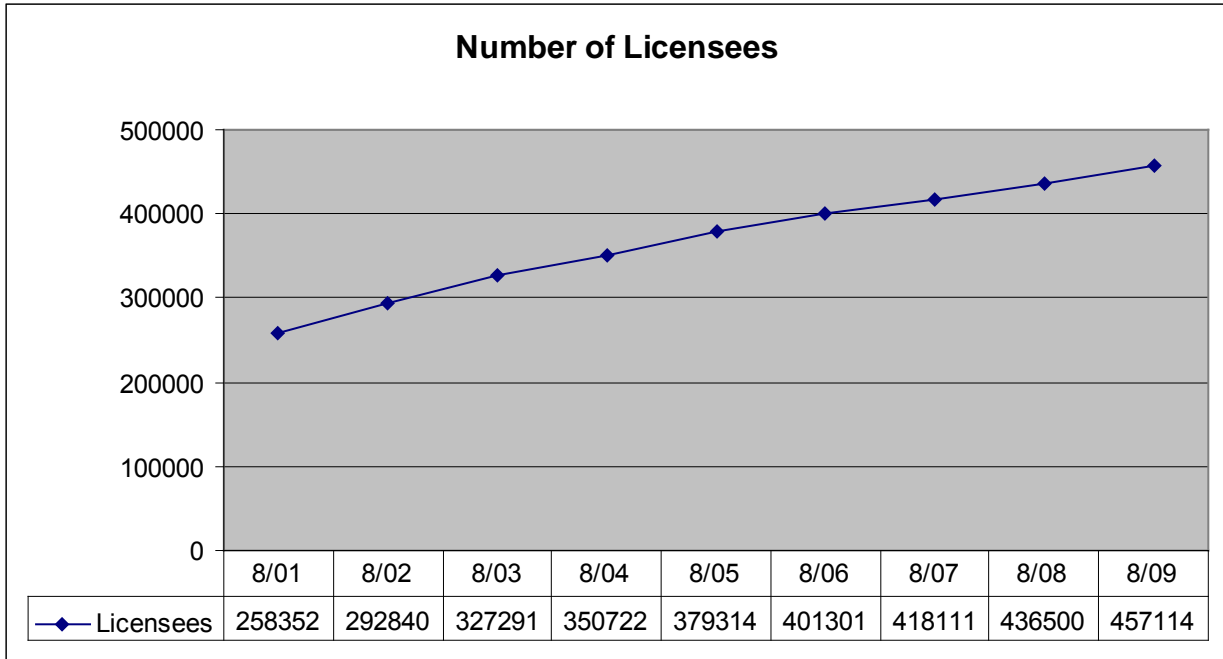


Figure 1-AAS . Licensee Population (Individuals & Firms)

monitored 299,198 licensees with at least one active appointment and 214,056 licensees not required to be appointed or not holding an active appointment; answered over 280,000 phone calls; and processed 1,622,900 appointment actions (new, renewals and terminations). The licensee population has increased at approximately 7% per year, although this slowed to 5% from August, 2008 to August, 2009. New licenses issued during FY 2008–2009 totaled 65,935. Florida has a total of 737,921 insurance licenses issued, with many licensees having more than one license. Each year license types are either newly added or requirements are changed. The Bureau continues to adapt and improve computer systems to implement these changes. Further, we are using technology to change the frequency and method with which we communicate with licensees. Email and personal account portals will be used instead of paper and traditional mail, saving approximately \$350,000 annually. We anticipate creating electronic communication back to applicants as soon as an action is taken, thereby reducing phone calls to check on application status.

The Bureau of Licensing is responsible for oversight of the qualification examination process for insurance representative licensing and annually reviews the content of these examinations. Twenty-three types and classes of licenses require examination prior to licensure; approximately 31,055 examinations were administered in FY 2008- 2009.

The Bureau staff also approves and monitors pre-licensing and continuing education providers, courses, and instructors. Approximately 16,000 continuing education courses and 350 pre-licensing courses have been approved and are available. Further, 5,080 new courses and 24,200 course offerings were approved in FY 2008-2009.

***Division of Legal Services.*** Service of process on insurers is currently done by hard copy, in duplicate to the Department's Service of Process Office, totaling five million pages per year. Two and one half (2.5) million pages per year are forwarded by postal mail from the department. The division scans its copy of the 2.5 million pages for records retention. The division is again proposing a statutory amendment in the 2010 Legislative Session to change the statutory required submission to one copy of the process. This change will reduce by one half the number of pages submitted to the division and also reduce the handling time associated with reviewing, managing, filing, shipping and storing the extra copy of documents.

The division proposes to provide more efficient service and reduce operational costs by electronically transmitting notification and availability of documents to the insurers. Electronic delivery of the process can reduce the number of copies to one set and therefore the number of pages by one half; it can also provide same day availability to insurers. Currently, the average time to set up and prepare to serve process by certified mail to the insurer is 24-48 hours, which would be reduced by more than half. The mail delivery time of 3-5 days would be eliminated. The division met its goal of providing access of electronic notification and availability to at least 40% of all insurers by July 1, 2008. Although at the close of the 2008-2009 FY we only had 49% of all active companies with access to ISERVE, we served 68.5% of all suits electronically to insurers during the 2008-2009 FY. This is due to the fact that we targeted insurers who are served more frequently for the initial conversion to the new paperless system. The division's goal is to have 55 % of the insurers set up with access to electronic notification by July 1, 2010. Once all companies are using the new electronic procedures in lieu of the paper delivery method, the agency staff should recoup sufficient time to allow the insurers to be served the same day the division receives the documents.

The service of process workload is predicted to continue rising and by reducing the volume of documents, handling time, postage and paper expense, the improvements should not only allow the division to keep pace with the extra work, but assure the insurers are notified in the most expedient and efficient manner possible. This will also benefit the plaintiffs, consumers and courts by allowing extra response or settlement time, prior to or in lieu of further litigation.

## FIRE SAFETY

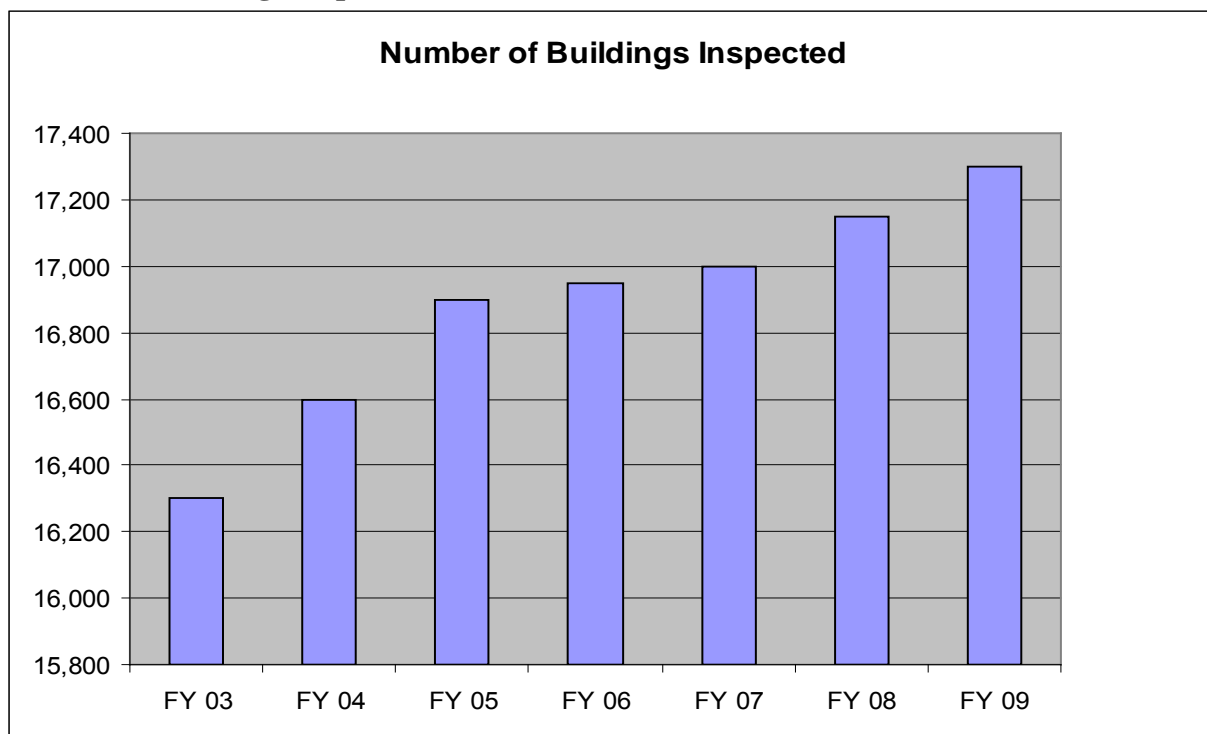
*Goal 4. The State Fire Marshal shall effectively prevent and discourage arson and arson related crimes for the protection of Florida's citizens and their property.*

**Division of State Fire Marshal. Bureau of Fire Prevention.** The Bureau of Fire Prevention administers the compliance and enforcement services of the division under Section 633.085, F.S., as follows:

- establishing fire safety, and life safety codes and standards for statewide application,
- reviewing construction documents and performing inspections of all state-owned and certain state-leased buildings,
- inspection of high and low pressure boilers in places of public assembly, and
- licensure and regulation of fire equipment dealers, fire protection contractors, explosives and construction mining industries, and registration of fireworks manufacturers, wholesalers, retailers, and seasonal retailers.

Field inspections of state-owned buildings are conducted annually for compliance with the Florida Fire Prevention Code. *Figure 1-BFP* exhibits the growth in the number of state-owned buildings inspected by the Bureau beginning in FY2003 through FY2008. While the number of Bureau FTEs has been reduced slightly, the number of buildings requiring inspection has increased by over 1,000. In FY2008, Fire Protection Specialists conducted 17,182 High Hazard and Recurring building inspections. Construction inspections including underground and above ground fire mains, installation and performance testing of fire protection systems and fire rated construction assemblies are required for each new building.

### Number of Buildings Inspected



*Figure 1-BFP. Number of buildings inspected by fiscal year from FY2003 to FY2008, with the*

*planned inspections for FY2009.*

Any reductions in revenue generated at the local level can be expected to have an impact on the State Fire Marshal's workload. If local governments determine they are unable to fully fund their own fire safety programs, particularly in the area of school inspections, the State Fire Marshal is statutorily required to assist with these inspections.

For the Boiler Safety Program, technology enhancement to its data management system has eased forms distribution and web access for the public as well as records access for field inspection staff. Additional enhancements are necessary to fully convert the boiler licensing program to a fully automated web-based system. Scanning technology deployed in the Program has reduced storage space and may consequently reduce rent cost. Similar technology is being reviewed for the use from other sections within the bureau to reduce substantial storage space required by the Records Retention Schedules Program maintained by the Secretary of State.

All four functional areas of the Bureau; Plans Review, Inspection, Regulatory Licensing and Boilers will benefit from a proposed updated database to permit increased internal and external access, and significantly enhance communications between the regional offices' staff and the Bureau. The proposed solution will be fully web-based, permits the receipt of fees, electronic invoicing and electronic access to inspection reports eliminating the need for US Mail distribution.

Electronic transmission of construction documents can significantly reduce the time required for decision making as well as improving access to data necessary for field review. This capability is presently being used in a limited capacity.

## **EDUCATION**

*Goal 5. Our customers will receive timely, helpful and accurate information.*

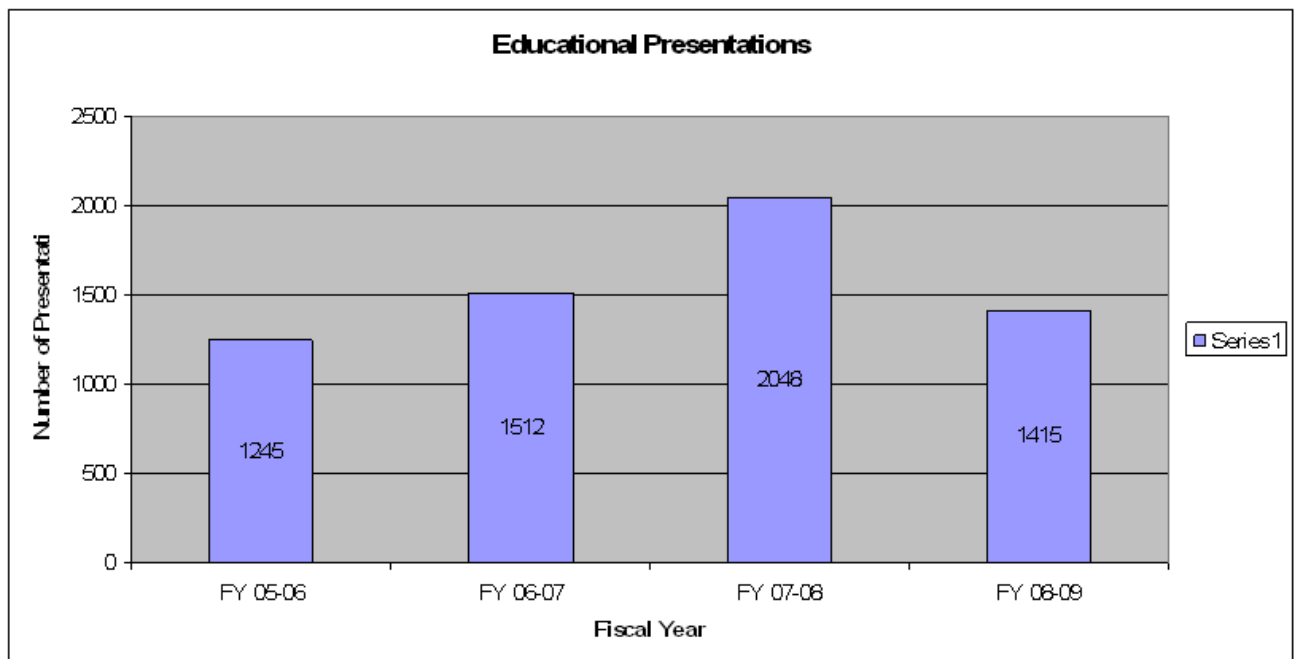
In the Office of Program Policy Analysis and Government Accountability Report 06-51, the department ranked second to the Department of Agriculture and Consumer Services call center (FY2005) in the number of consumer complaint calls. The department received about 20% of all consumer complaint calls made to all state agency call centers that year.

Not all calls, obviously, are for complaints. The Divisions of Consumer Services, Agent and Agency Services, Workers' Compensation and My Safe Florida Home (MSFH) all have call centers that have licensing, educational and advocacy purposes. Other divisions, specifically Rehabilitation and Liquidation, Funeral and Cemetery Services and Insurance Fraud depend upon the Consumer Services Helpline for their consumer calls.

***Division of Consumer Services (DCS).*** The Division of Consumer Services has served more than million Floridians over the past five years by providing insurance education, financial information and direct assistance through the division's Bureaus of Consumer Assistance, Consumer Outreach, and Education Advocacy and Research. Our mission is to provide prompt and accurate service to the people of Florida, and help increase their insurance and financial knowledge.

The Division of Consumer Services also works to monitor trends to prevent financial abuse of our citizens. Since 2005, the division has performed 6,220 educational outreach programs to the citizens of Florida (*Figure 1-CS*). Our audience includes insurance consumers, military personnel, senior groups, children, churches, and small business owners. Our presentations cover a wide array of topics such as First Time Home Buyers, Financial Literacy, Hurricane Preparedness and products such as annuities, auto and homeowners insurance.

Consumer outreach is driven, in large part, by the information gathered from consumer calls received on the statewide Helpline. Trends in our marketplace are captured and reviewed indicating areas of educational needs. Outreach staff makes contact with organizations and consumer groups who are most affected by the prevailing trend. This information was obtained from the Division of Consumer Services Consumer Outreach Presentation (COP) data base.



*Figure 1-CS. Four-year trend in number of educational presentations given by the Division of Consumer Services.*

**Division of Treasury, Bureau of Deferred Compensation.** The division provides information, education and guidance regarding the availability of the state employee deferred compensation plan and its available investment options and their corresponding relative performance. The deferred compensation program (Internal Revenue Service Code, section 457), provides a way for employees to supplement retirement income by investing in a variety of instruments on a tax-deferred basis. Participating employees make their own investment decisions based upon their retirement needs, time horizons and risk tolerance. The Bureau has a broad range of investment options with varying degrees of risk and return that offer:

- a variety of reasonable investment options
- essential information and
- minimal administrative costs

The Bureau's objective is to assist state employees in achieving financial security in their retirement years. Two trends have had an impact on the robustness of Florida's Deferred Compensation Program. First, as baby boomers hit retirement age and government downsizes its employed workforce, the number of participants decrease, reducing the pool of available funds. Recently, state retirees have also been moving their deferred compensation accounts to accounts with higher fees recommended by private financial planners. Not only is the state's pool of assets available for investment reduced, but the leaving retirees may be disserved by lower net returns from private advisors. Secondly, when the economy trends downward, most recently in the housing and mortgage sectors, participants are likely to decrease or stop deferrals if they have increased living costs and are wary of investing.

In order to address these concerns, the Bureau of Deferred Compensation is stepping up its marketing and educational efforts. The Bureau will be encouraging participants to increase their deferrals and non-participants to sign up in order for both of these groups of employees to meet their financial retirement goals.

**State Fire Marshal. Bureau of Fire Standards and Training (BFST).** The BFST governs 37 Certified Firefighter Training Centers located throughout the state with an additional 7 centers under construction or in the planning stages; we ensure that the facilities, the curriculum, and the instructors comply with state statutes and administrative codes. The Bureau also administers the Fire Safety Inspector and Special Fire Safety Inspector Certifications (sec. 633.081, F.S.).

The Bureau operates the Florida State Fire College located near Ocala, providing extensive training for paid and volunteer firefighters (*Figure 1-BFST*). Each firefighter trained results in a cascade of transactions, including responses to inquiries and data collection to update files. As the transactions have increased annually, over 50% in eight years for both types of exams, the Bureau has initiated automation of many of its processes through web-based applications in order to increase its efficiency. Fiscal year 2007-08 resulted in almost 20% less examinations but no significant difference in the travel to and from the various test sites.

<b>Fiscal Year</b>	<b>Total Exams</b>	<b>Firefighter II Exams</b>	<b>Retention Exams</b>
2000-01	4898	2349	32
2001-02	6313	3651	61
2002-03	6447	3888	70
2003-04	7885	4623	97
2004-05	9765	5586	64
2005-06	8429*	3353*	92
2006-07	10,096	4840	111
2007-08	8,173	3381	126
2008-09	8824	3526	181

*Figure 1-BFST. Nine year trend for examinations conducted by the Bureau of Fire Standards and Training. Retention exams reflect persons who have reached the end of their three year certification window without being employed and are therefore retesting to maintain their certification. \* During summer and fall 2005, the state and regional hurricane activity reduced BFST ability to deliver tests and training.*

As predicted, property tax changes have reduced local governmental revenues; the Fire College has seen the impact in the actual numbers of examinations given. However, this has not resulted in a significant decrease in the number of remote deliveries required to accommodate the candidates. Currently, many local fire departments send trainees to local community colleges; but, with a likely reduction in firefighter training funds, the less-costly Fire College classes will be much more attractive. More demand for classes will impose a severe workload strain as the Fire College is currently canceling classes for lack of qualified instructors and will be forced to rely more on OPS or contract delivery of classes as demand dictates. . Moreover, each Fire College trainee imposes additional workload demands in the form of queries, applications, file searches and verifications. In addition, new national standards have caused the Bureau to employ new administrative code that will result in practical testing for Firefighter I increasing the delivery of practical examinations by an estimated 20 to 30 per cent.

When the Department of Labor and Employment Security was dismantled in 2002, Florida's firefighters were left without health and safety administrative rules or an oversight body. The State Fire Marshal (SFM) addressed the void by providing two fulltime employees and developing emergency rules to establish itself as the regulatory authority. The Bureau of Fire Standards and Training's role is largely confined to investigations into complaints and line-of-duty deaths. The Bureau would like to accomplish more, specifically in the areas of inspection and accreditation. For example, firefighter line-of-duty deaths are anticipated to correlate with failure to follow best safety practices. However, the Bureau does not have the resources to collect and analyze the data needed to study preventive strategies.

The Bureau has formerly had six programs for certification accredited by the National Board on Professional Firefighter Qualifications ("Pro Board") and, in some cases far exceeded their minimum requirements. Several additional programs have been submitted for accreditation and are currently under review. In addition, the Florida Live Fire Training Program is being recommended for accreditation as the first such program in the nation.

***Division of Risk Management.*** Chapter 284, Part III, F.S., authorizes the Division of Risk Management to provide a loss prevention program which trains and consults with agency coordinators on safety and loss prevention matters. The Division provides training to insured entity safety coordinators to enable them to implement and maintain agency loss prevention programs through an annual Safety Academy. Although this training is required by law, all agencies do not participate. To assure Program success, each insured entity should follow the mandatory requirement to participate.

Due to increased claim severity and complexity, the Division is emphasizing loss prevention training and education with its insured entities. The Division is developing training procedures; data analyses methods; and best practices to address loss prevention. The Division will address these issues through a three-pronged approach consisting of loss prevention training using division staff; data analysis; and use of loss control consultants to interact with insured entities. The Division has developed draft Loss Prevention Model Guidelines which the Division will workshop with insured entities. The Guidelines will provide the framework for evaluating insured entities' Loss Prevention Programs. As mandated by the legislature, during FY2008-2009, the Division conducted a statewide loss analysis to determine which agencies have the



highest annual claims expense and claims frequency. The Division is working with those agencies on loss mitigation and prevention

Along with liability and property coverage, the Division handles workers' compensation claims filed by employees and volunteers of state insured entities. The Division receives approximately 14,000 new workers' compensation claims each year, and historically 10% of the reported claims result in the employee missing in excess of one week from work. Lost-time claims are significant because, although they represent only 10% of the reported claims, lost-time claims account for over 80% of claim payments.

Reducing the number of lost-time claims and the length of disability on lost-time claims significantly lower program costs. A stay-at-work/return-to-work program is essential to reach the goal of lower program costs. The success of such a program depends on timely flow of medical information and the employing agency's policy concerning alternate duty. The medical case management contractor coordinates the flow of information concerning the employee's functional limitations and restrictions from clinician to employer, which enables the employer to accommodate employee functional limitations and restrictions.

Disability avoidance and management begins when the claim is reported. The Division workers' compensation medical case management model includes registered nurse triage to direct injured employees to timely, medically appropriate care. Nurse case managers coordinate medical care and timely provide employers information on employee functional limitations and restrictions. The State's new medical case management contractor commenced work on the State account January 1, 2009. Substantial statewide training of insured entities has occurred since the contract commenced and will be ongoing.

## **ADVOCACY**

***Goal 6. The department will protect customer interests inside and outside state government.***

The ***Office of the Insurance Consumer Advocate (ICA)*** in the CFO's office is responsible for finding solutions to insurance issues facing Floridians, calling attention to questionable insurance practices, promoting a viable insurance market responsive to the needs of Florida's diverse population and assuring that rates are fair and justified.

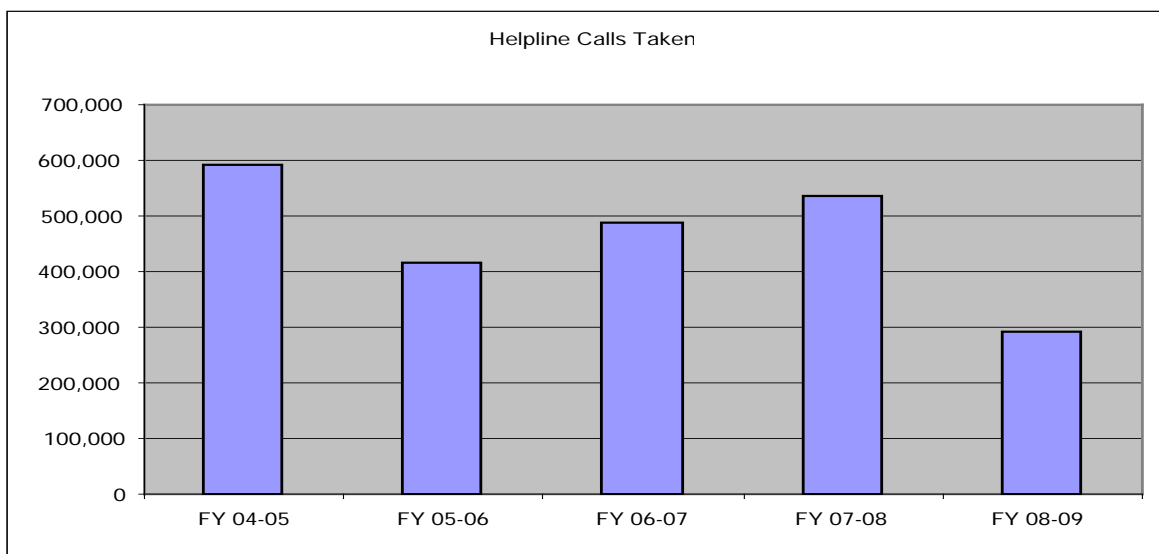
The ICA strives to maintain a balance between a viable, competitive insurance market with the fiscal capacity to fulfill obligations to policyholders and consumers' needs for accessible, affordable insurance products that protect their lives, their health and their property. Tapping into market reports, along with some 500,000 inquiries made annually to the Department of Financial Services statewide consumer helpline, the ICA is able to identify, first hand, market trends affecting Floridians. The ICA also meets with various other agencies in order to identify market trends. This data empowers the ICA to seek early and proactive resolution of business practices that may adversely affect Floridians, as well as to assist in expansion of those beneficial to the consumer. Although the ICA will usually refer any inquiries that come into its office to the Division of Consumer Services, the Office will handle specific consumer inquiries that are time sensitive, very complicated or appear to be indicative of emerging trends. Florida law authorizes

the ICA to represent consumer interests in regulatory proceedings regarding all insurance activities conducted under jurisdiction of the Department of Financial Services and the Office of Insurance Regulation. The ICA also examines rate and form filings to assure rate changes are justified and fairly apportioned and that policies clearly and accurately reflect coverage provided. Lastly, the ICA participates in proceedings affecting insurance consumers in the Florida Legislature.

The *Division of Consumer Services* promotes public policies and legislative actions which protect consumers’ financial interests, and helps ensure consumers receive the full benefits available under their financial contracts and insurance policies.

The toll-free telephone “Helpline” and website are the primary avenues through which the division’s goals and objectives are met (*Figure 2-CS*). During the past five fiscal years, the number of calls has ranged from a low of 293,067 in FY2008-09 to a high of 592,000 in FY2004-05. A significant number of calls were related to both the 2004/2005 storms and the My Safe Florida Home hurricane mitigation program. Based on the statistical trends over the past five years, the annual number of calls to the Helpline is expected to remain within the same range for the next five years, but will increase dramatically if major hurricanes or other natural disasters occur.

The division strives to provide personal service to each individual calling the Helpline within two minutes regardless of the fluctuation in the number of calls. The division also conducts a continuous audit program to ensure a high level of service and information is provided to consumers.



*Figure 2-CS. Five year trend in number of calls taken at the Helpline.*

Calls to the Helpline often result in the generation of requests for assistance in which consumers seek resolutions to specific problems they are having with insurance companies or financial institutions (*Figure 3-CS*). The number of annual requests for assistance has ranged from a low of 38,075 in FY2008-09 to a high of 110,430 in hurricane-laden FY2004-05. During the

2008/2009 fiscal year the division consolidated eleven office locations into two locations which resulted in the reduction of nearly 50 staff. Despite these reductions the division's goal to provide an equitable resolution within 30 days remains in place.

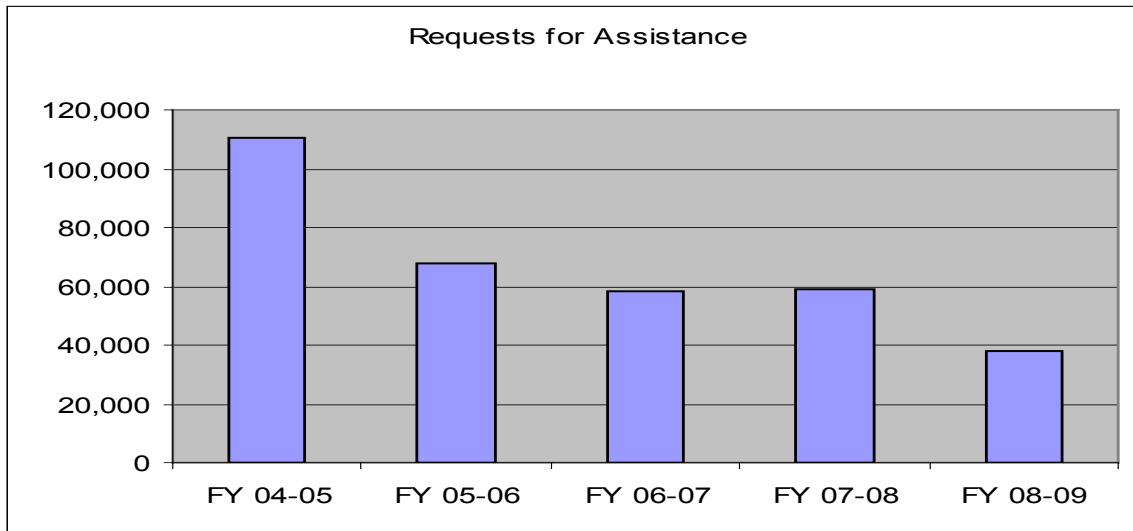


Figure 2-CS. Five year trend in the number of requests for assistance worked on by staff.

While Consumer Services continues to maintain a high level of professionalism among its Insurance Specialists, several conditions are being addressed on an ongoing basis. The division has a high turnover rate due to employee burnout and the lack of competitive salaries. Additionally, due to the complex and ever-changing nature of the insurance and financial sectors, specialists are required to receive lengthy and frequent training to assure that they have the necessary expertise to advise consumers. A significant portion of the specialist's service request files are audited for quality purposes.

**Division of Information Systems** (DIS) plans, develops, manages and operates the information technology (IT) resources and services for the Department of Financial Services (DFS), Office of Financial Regulation (OFR) and Office of Insurance Regulation (OIR). These entities rely heavily on information, IT resources and services for the efficient and effective management of its operations.

DIS seeks to provide a reliable and cost effective technical infrastructure that allows DFS, OFR and OIR to achieve their goals and objectives. However, resource retention is a huge challenge for DIS. The quality of IT services is impacted by DIS's inability to attract and keep a skilled IT workforce. In the past DIS has lost employees to the private sector, universities or other state agencies, all willing to pay an average of 30% more in salaries than DIS was able to offer as displayed in *Table DIS-1*.

DIS seeks to provide exceptional service but has found that, in the highly competitive technology market, it has limited ability to recruit, attract, hire or retain employees with needed skills. It is difficult to provide adequate, much less exceptional, customer service while losing valuable

employees. As seen in *Table DIS-1*, DIS loses out not only to the private sector but also to other state agencies. Consequently, DIS must hire technical expertise from the private sector.

DIS has found vendor outsourcing for technological development and maintenance to be expensive, difficult to manage and often unsuccessful. For example, DIS's options are limited to contracting with outside organizations at greater cost, rather than being able to fill state positions with applicants who have the essential and critical skills needed in a modern technology setting. DIS conducted a study to review the benefits of using FTE replacement versus augmented staff contracting. The study concluded that the Department could potentially recognize a cost savings by using FTE replacement in lieu of augmented staff contracting.

DIS Section	DFS Salary	Approximate salary employee left for	Difference	Private/State	Percent increase
Application Design	\$39,949	\$50,000.00	\$10,051.00	Private	25%
Distributed Infrastructure	\$39,358	\$55,000.00	\$15,641.68	Private	40%
Distributed Infrastructure	\$41,439	\$65,000.00	\$23,561.00	Private	57%
Distributed Infrastructure	\$37,203	\$60,000.00	\$22,797.00	Private	61%
Distributed Infrastructure	\$43,512	\$80,000.00	\$36,488.00	Private	84%
Distributed Infrastructure	\$36,314	\$60,000.00	\$23,686.00	Private	65%
Distributed Infrastructure	\$58,605	\$90,000.00	\$31,395.00	Private	54%
Financial Application	\$40,900	\$63,000.00	\$22,100.00	Private	54%
Mainframe Infrastructure	\$55,000	\$70,000.00	\$15,000.00	University	27%
Office of the Director	\$86,402	\$104,999.96	\$18,597.56	University	22%
Application Design	\$51,949	\$57,145.00	\$5,196.00	State	10%
Application Design	\$49,164	\$54,000.00	\$4,836.00	State	10%
Distributed Infrastructure	\$47,655	\$70,000.00	\$22,345.00	State	47%
Distributed Infrastructure	\$49,728	\$59,159.00	\$9,431.00	State	19%
Distributed Infrastructure	\$39,358	\$60,000.00	\$20,641.68	State	52%
Financial Application	\$27,800	\$38,000.00	\$10,200.00	State	37%
Financial Application	\$35,400	\$41,000.00	\$5,600.00	State	16%
Financial Application	\$31,400	\$35,000.00	\$3,600.00	State	11%
Office of the Director	\$98,117	\$100,940.00	\$2,823.34	State	3%
Office of the Director	\$82,224	\$87,000.00	\$4,775.75	State	6%
Programming Design	\$46,767	\$56,000.00	\$9,233.00	State	20%
Programming Design	\$47,090	\$55,300.00	\$8,210.00	State	17%
Programming Design	\$36,439	\$46,836.00	\$10,397.00	State	29%
TOTALS	\$1,121,774	\$1,458,379.96	\$336,606.01		30%

Table DIS-1. Loss of DIS expertise displayed by DFS salary, competing salary and competing employer.

**Division of Administration.** The Division of Administration provides administrative support to the department, the Office of Insurance Regulation (OIR), and the Office of Financial Regulation (OFR). The department, including both OIR and OFR, has 2793.5 full time equivalent positions and averages 250 temporary employees annually, depending upon budget and need. The Division of Administration operates with 116.5 of these positions. Additionally, for FY 2010, DFS/OFR/OIR has a total combined budget of \$272,327,583. DFS has 38 leases statewide for a total of 801,247 square feet and owns two facilities: State Fire Marshal Arson Lab and the Fire College.

The department has been through a number of reorganizations and mergers in the recent past. In 2002, the Division of Workers' Compensation within the Department of Labor was moved to the Department of Insurance. In 2003, the Department of Insurance merged with the Department of Banking and Finance, to create the current Department of Financial Services. Business processes

from three different entities were merged into one agency. The department continually reviews its business processes in order to ensure efficient use of human, operational and financial resources. The department completed a review of its contracting procurement process and has implemented improvements with three areas of emphasis in DFS procurement operations: equity, integrity and efficiency. Also, a Contract Procurement Guide was developed for anyone in the department who procures or assists in procurement. This handbook describes policies and procedures, as well as providing useful information that reflects the experience and best practices in government purchasing. The Department is currently evaluating its internal contract management processes incorporating the contract management life cycle and additional monitoring to ensure Department contracts meet accountability standards.

The department considers its full-time and temporary employees to be its most valuable resource. Even though the department cannot compete with the private sector in certain areas of recruitment and retention, the department can take proactive measures to help improve the quality and effectiveness of its workforce. These include developing an aggressive recruitment process that will seek out and attract quality candidates and providing a workplace environment that is conducive to retaining quality employees. With this in mind, the Department established the Academy of Leadership and Excellence Program. This Program strives to be recognized as the benchmark internship program in Florida state government for identifying, recruiting and retaining new talent and building careers in public service. The Academy provides real-world work experience, professional development, and career opportunities in public service for Florida's best and brightest university students. Students receive substantive and challenging work assignments from their assigned mentor and have their work evaluated on a professional level. The inaugural class of 2008 consisted of 18 university students from FSU and FAMU who were assigned within 11 divisions across the Department. Students have paid positions and are required to work at least 20 hours a week. All students must maintain above a 3.0 GPA and be a junior, senior or a graduate student. Future opportunities will be open to all state university students. In addition, the department has implemented a leadership development program which is a component of the Department's Professional Excellence Program. The program is encourages candidates to participate in a four-tiered leadership development program designed to cultivate a diverse network of proven leaders and rising stars. The four tiers are: Emerging Leaders, Leadership Foundations, CFO Fellows and Executive. These programs will continue improving upon existing supervisory training. The Professional Excellence Program is coordinated by the Office of Learning and Development, established in 2008 to proactively address the quality and effectiveness of its workforce.

***Office of the Inspector General (OIG).*** The OIG's mission is "to promote integrity, accountability and process improvement within the Department." The OIG has also updated their vision statement to reflect a flexible, focused and communicable picture of the future as a goal for OIG: "to provide objective fact-based perspectives to the DFS team. We want to be: championed by our customers, benchmarked by our counterparts and dedicated to quality in our products and services." This vision statement reflects the priority the Office of Inspector General places on identifying and evaluating key internal controls as a standard part of each engagement. We believe this perspective helps the Department improve the activities DFS performs on behalf of the citizens.

Staff of the Office of Inspector General routinely interface with citizens who have issues they need to have addressed by government. Although these concerns do not usually fall into the typical inspector general misconduct categories, staff members make sure consumer complaints are routed to the appropriate entity either within the Department, or within the Enterprise, for a thorough review.

## ***TASK FORCES AND STUDIES***

### **Safeguard Our Seniors Task Force**

In September 2008, the Department established the Safeguard Our Seniors Task Force to review and recommend solutions to better protect Florida seniors against financial fraud, with an immediate focus on annuity fraud. The task force includes senior advocacy, legal, investigative, consumer, regulatory and industry representatives. In 2009, proposed legislation was submitted that increased the penalty for agents who defraud senior investors to a third degree felony and establishes better disclosures and protections upfront for seniors who invest in annuities products. The legislation was approved unanimously by the Florida Senate but was not heard in committee in the Florida House. The Task Force will continue with its efforts to recommend ways to protect seniors from financial fraud and CFO Alex Sink will support the proposed Safeguard our Seniors legislation again during the 2010 Legislative Session.

### **Florida Housing Help Initiative**

The Florida Housing Help Initiative was inspired by CFO Alex Sink's Financial Action Team (FACT) to assist Floridians facing foreclosure. In 2009, CFO Sink and the Department of Financial Services held 47 Florida Housing Help workshops across the state with over 7,500 homeowners attending. These workshops are done in partnership with community organizations, local elected officials and lender representatives, and are designed to provide on-sight information, counseling, and even home loan modification to Floridians. In 2009 CFO Sink also unveiled a Spanish language version of her Florida Housing Help web site.

### **Wireless Communications Cost Efficiency Team**

In January 2009, CFO Alex Sink formed the Wireless Communications Cost Efficiency Team, and in May they offered recommendations for a more responsible approach to device assignment and services based on employee usage history. Their recommendations led to the disconnection of 116 BlackBerrys, 56 cellular phones, and 40 aircards that did not meet the newly established criteria. Additional cost savings were realized by matching employee usage to the most appropriate vendor, lowering monthly costs for air cards, and reducing unused services. The Department of Financial Services (DFS) will realize savings of over \$210,000 in state-paid annual wireless costs by implementing the recommendations of CFO Sink's Wireless Communications Cost Efficiency Team's report. These cost-cutting measures represent a 37% reduction in annualized costs for the Department's wireless communications.

### My Safe Florida Homes

In 2006, the Florida Legislature committed \$250 million to the successful My Safe Florida Home program, which resulted in reduced insurance rates for consumers, new jobs for our economy, and stronger homes for Floridians. Over 29,000 homeowners received matching grants through the My Safe Florida Home program to improve the strength of their home from the devastating damage caused by hurricanes. More than 400,000 Floridians were signed up for free wind inspections, allowing them to save money on their insurance bills, often without having to take any further action. The My Safe Florida Home program was allowed to sunset at the end of the 2009 Fiscal Year.

### Contract Renegotiation and Reform Initiative

In January 2009, CFO Alex Sink launched a Contract Renegotiation and Reform Initiative in the Department of Financial Services following a legislative directive. All Division Directors were asked to re-evaluate their existing contracts and attempt to renegotiate the contracts to save taxpayer dollars. From January to September the Department has saved over \$300,000. Savings were generated by Department of Financial Services' employees working with individual vendors to lower contract costs. The Department of Financial Services has other renegotiations currently pending that can result in further savings.

### Get Lean Florida

In March 2009, CFO Alex Sink expanded the state's "Get Lean Florida" program to include a new, interactive web site, [www.GetLeanFlorida.com](http://www.GetLeanFlorida.com), providing Floridians an easy place to suggest ways to improve the efficiency and cost-effectiveness of state government. The Get Lean web site also allows Department of Financial Services staff to alert state agencies when suggestions or tips are received and to track suggestions and responses and report on the results. The Get Lean web site was advertised through posters in government offices, public libraries, senior citizen centers, hospitals and other locations. The Get Lean Florida program still includes the toll-free hotline, 1-800-Get-Lean.

### Florida's Checkbook

In May 2009, CFO Alex Sink unveiled Florida's Checkbook, a web portal that allows Florida taxpayers to view all the tools CFO Sink has online to increase transparency and accountability for government spending in one easy-to-find location. At [MyFloridaCFO.com/Transparency](http://MyFloridaCFO.com/Transparency), citizens can view information such as finance reports, fund balances, state and local receipts and disbursements, and contracts in an ongoing effort to increase accountability and openness when it comes to how Floridians' tax dollars are being spent. Florida's Checkbook also links to the Sunshine Spending web site, a joint initiative by CFO Sink and Governor Crist that details all state payment received by vendors since 2005. All sites on Florida's Checkbook were created using existing resources, with no additional tax dollars spent to create or maintain them. Tools like Florida Financials and Sunshine Spending are updated nightly by DFS employees.



### Increased Federal Funding Report

In January 2009, the Florida Legislature requested that the Office of CFO Alex Sink prepare a report and recommendations to maximize federal funding to the State of Florida. In preparing the report, CFO Sink's office not only researched existing structures, governing statutes, and state-by-state comparisons, but also reached out to every state agency individually to in regards to their performance and thoughts on programming or budgetary obstacles. The report found that Florida ranks 45<sup>th</sup> in the nation in per capita federal grants funding and that Florida lacks effective and proactive steps to maximize the draw down of federal funds. Ten preliminary recommendations were offered intended to enhance coordination among key state agencies and increase awareness of the federal grant process. The report was submitted to the Senate President and House Speaker on March 3, 2009.

### Financial Literacy Council

The Financial Literacy Council was established by the legislature in July 2006. This 9-member panel is made up of professionals with various areas of expertise, including banking, real estate, and insurance. In the last year, the Financial Literacy Council has promoted and supported financial literacy education in our high school, participated in Florida Saves Events, and worked with the Florida Prosperity Campaign to increase the financial stability of moderate to low-income Floridians.

# Department of Financial Services

## Performance Measures and Standards – LRPP Exhibit II

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Executive Direction and Support Services	Code: 43010100

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Administrative costs as a percent of total agency costs	4.43%	3.93%	4.43%	Adjust Standard 5%
Administrative positions as a percent of total agency positions	4.93%	5.10%	4.93%	Adjust Standard 6%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Legal Services	Code: 43010200

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Percent of closed files involving allegations of statutory violation that were successfully prosecuted	88%	96%	88%	Adjust Standard 92%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Information Technology	Code: 43010300

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Information technology costs as a percent of total agency cost	4.21%	6.80%	4.21%	4.21%
Information technology positions as a percent of total agency positions	3.33%	4.50%	3.33%	3.33%
System design and programming hourly cost	\$60	\$32.33	\$60	\$60
Percent of scheduled hours computer and network are available	99.95%	99.97%	99.95%	99.95%
<b>Request deletion:</b> Percent of scheduled services completed timely	90%	90%	90%	<b>Request deletion</b> 90%
Percent of customers who returned a customer service satisfaction rating of at least seven (4) on a scale of one (1) to ten (5) on surveys	85%	95%	85%	<b>Adjust Standard</b> 95%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: *Consumer Advocate	Code: 43010400

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)

\* This budget entity was created effective July 1, 2008. The department is working to develop performance measures and will request consideration of new performance for this entity in a future performance measure amendment.

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Information Technology- <b>FLAIR Infrastructure</b>	Code: 43010500

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<b>New measure:</b> Percent of scheduled hours computer and network is available	99%	99.99%	99%	99%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Treasury	Code: 43100000
Service/Budget Entity: Deposit Security	Code: 43100200

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Maximum administrative unit cost per \$100,000 of securities placed for deposit security service purposes	\$20	\$6.46	\$20	\$20
Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit	5,420	14,163	5,420	5,420
Number of account actions taken on regulatory collateral deposit accounts	39,116	62,082	39,116	39,116



## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Treasury	Code: 43100000
Service/Budget Entity: State Funds Management and Investment	Code: 43100300

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Ratio of net rate of return to established national benchmarks for: (I) Internal liquidity investments	1	4.99	1	1
Ratio of net rate of return to established national benchmarks for: (II) Internal bridge investments	1	1.02	1	1
Ratio of net rate of return to established national benchmarks for: (III) Internal intermediate investments	1	1.2	1	1
Ratio of net rate of return to established national benchmarks for: (IV) Medium term external portfolio	1	0.5	1	1
<b>Request deletion:</b> Ratio of net rate of return to established national benchmarks for: (V) Investment grade convertible bonds	1	No data; Investment strategy is no longer used	1	<b>Request deletion</b>
<b>Request deletion:</b> Number of financial management/accounting transactions processed and reports produced	4,500,000	9,999,487	4,500,000	<b>Request deletion</b>
Number of cash management consultation services	22	28	22	22
<b>Request deletion:</b> Dollar volume of funds invested	\$19.0 billion	\$16.0 billion	\$19.0 billion	<b>Request deletion</b>

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Treasury	Code: 43100000
Service/Budget Entity: Supplemental Retirement Plan	Code: 43100400

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<b>New measure:</b> Number of new participants in the State Deferred Compensation Plan over previous year	N/A	-79	N/A	600
<b>New measure:</b> Percentage increase in deferred compensation contributions over the previous year	N/A	-9.05%	N/A	2%
<b>Request deletion:</b> Minimum percent of state employees participating in the State Deferred Compensation Plan (excluding SUS employees)	46%	46%	46%	Request deletion
<b>Request deletion:</b> Minimum percent of state employees participating in the State Deferred Compensation Plan (including SUS employees)	39%	39%	39%	Request deletion
<b>Request deletion:</b> Number of participant account actions processed by the state deferred compensation office	2,200,000	2,200,000	2,200,000	Request deletion
<b>Request deletion:</b> Number of educational materials distributed by the state deferred compensation office	400,000	300,000	400,000	Request deletion

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Financial Accountability for Public Funds	Code: 43200000
Service/Budget Entity: State Financial Information and State Agency Accounting	Code: 43200100

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<b>Request deletion:</b> Percent of program's customers who returned an overall customer service rating of good or excellent on surveys	95%		95%	<b>Request deletion</b>
<b>Request deletion:</b> Percent of vendor payments issued in less than the statutory time limit of 10 days	100%	99.88%	100%	<b>Request deletion</b>
<del>Percent of vendor payments issued electronically</del>	26%	30.67%	26%	<b>Request revision</b> 29%
<b>Revised measure:</b> Percent of vendor payments issued via electronic funds transfer (EFT)	n/a		n/a	29%
<del>Percent of payroll payments issued electronically</del>	90%	96.34%	90%	<b>Request revision</b> 90%
<b>Revised measure:</b> Percent of payroll payments issued via electronic funds transfer (EFT)	n/a		n/a	95%
<del>Percent of retirement payments issued electronically</del>	83%	86.10%	83%	<b>Request revision</b> 83%
<b>Revised measure:</b> Percent of retirement payments issued via electronic funds transfer (EFT)	n/a		n/a	83%
<del>Number of post-audits completed</del>	12	6	12	<b>Request revision</b> 12
<b>Revised measure:</b> Number of Post-Audits and Management Reviews Completed	n/a		n/a	12
<b>New measure:</b> Number of Clerk of the Circuit Court Financial Reviews conducted	n/a		n/a	33
<b>New measure:</b> Percentage of compliance with the Statewide Financial Statements Compliance Checklist	n/a	n/a	n/a	90%
<b>New measure:</b> Percentage of warrants outstanding at 3 months that are stale dated after 12 months	n/a	n/a	n/a	47%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Financial Accountability for Public Funds	Code: 43200000
Service/Budget Entity: Recovery and Return of Unclaimed Property	Code: 43200200

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<del>Percent of the total dollar amount of claims paid to the owner compared to the total dollar amount of returnable accounts reported/received (Claims paid as a percent of all dollars in accounts received)</del>	75%	144.25%	75%	Request revision
<b>Revised measure:</b> Percent of the total dollar amount of claims paid to the owner in the fiscal year compared to the total dollar amount of returnable accounts reported/received in the prior fiscal year. (Claims paid as a percent of all dollars in accounts received)	n/a		n/a	75%
<del>Percent of the total number of claims paid to the owner compared to the total number of returnable accounts reported/received (Number of claims paid as a percent of all accounts)</del>	22%	28%	22%	Request revision
<b>Revised measure:</b> Percent of the total number of claims paid to the owner in the fiscal year compared to the total number of returnable accounts reported/received in the prior fiscal year. (Number of claims paid as a percent of all accounts)	n/a		n/a	22%
Number / dollar value of owner accounts processed	450,000/\$163 million	1,301,872 / \$231,697,786	450,000/\$163 million	450,000/\$163 million
Number of claims paid / dollar value of claims paid	120,000/ \$90 million	302,808 / \$173,939,744	120,000/ \$90 million	120,000/ \$90 million
<del>Percent of claims paid within 90 days from date received (cumulative total)</del>	80%	96%	80%	Request revision
<b>Revised measure:</b> Percent of claims processed within 45 days from date received (cumulative total)	n/a		n/a	80%
<b>New Measure:</b> Percent of increase in the number of holders reporting unclaimed property this fiscal year compared to the number of holders reporting last fiscal year.	n/a	-13%	n/a	10%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Compliance and Enforcement	Code: 43300200

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Number of fire related deaths occurring in state owned properties required to be inspected	0	0	0	0
<b>Request deletion:</b> Amount of direct losses from fires in state owned buildings	\$250,000	N/A	\$250,000	<b>Request deletion</b>
Percent of mandated regulatory inspections completed	100%	136%	100%	100%
Number of recurring inspections completed	7,200	7,224	7,200	7,200
Number of high hazard inspections completed	6,700	7,287	6,700	<b>Adjust Standard</b> 7,200
Number of construction inspections completed	1,500	1,927	1,500	1,500
Number of regulatory inspections completed	550	750	550	<b>Adjust Standard</b> 605
Percent of fire code inspections completed within statutory defined timeframes	100%	106%	100%	100%
Percent of fire code plans reviews completed within statutory defined timeframes	100%	97%	100%	100%
Number of boiler inspections completed by department inspectors	3,500	4,378	3,500	<b>Adjust Standard</b> 4,200
Number of construction plans reviewed	700	789	700	700
Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	7,603	8,312	7,603	<b>Adjust Standard</b> 8,000

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Fire and Arson Investigations	Code: 43300300

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	83.30%	80%	80%
Percent of arson arrests resulting in conviction	87%	69.10%	87%	87%
Percent of closed arson investigations for which an arrest was made in Florida	18%	30.80%	18%	18%
<b>Request deletion:</b> Total number of closed fire investigations involving economic or physical loss	7,200	N/A	7,200	<b>Request deletion</b>

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Professional Training and Standards	Code: 43300400

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Percent of above satisfactory ratings by supervisors of students' job performance from post-class evaluations of skills gained through training at the Florida State Fire College	90%	92.00%	90%	90%
Challenges to examination results and eligibility determination as a percent of those eligible to challenge	less than 1%	less than 1%	less than 1%	less than 1%
Number of students trained and classroom contact hours provided by the Florida State Fire College	4,200/ 220,000	6,040/179,074	4,200/ 220,000	<b>Adjust Standard</b> 5,500/175,000
Number of examinations administered	5,500	8,696	5,500	<b>Adjust Standard</b> 8,000
Percent of Fire College students passing certification exam on first attempt	82%	91.00%	82%	<b>Adjust Standard</b> 85%
<b>New measure:</b> Percent of Student Satisfactory Evaluations of the Florida State Fire College Facility and Services	N/A	N/A	N/A	85%
<b>New measure:</b> Percent of students who rate training received at the Florida State Fire College effective in improving their ability to perform assigned duties	N/A	N/A	N/A	85%
<b>New measure:</b> Number of Florida Certification Programs submitted for national accreditation or re-accreditation	N/A	N/A	N/A	8

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Fire Marshal Administrative and Support Services	Code: 43300500

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Administrative costs as a percent of program agency costs	5.70%	4.50%	5.70%	5.70%
Administrative positions as a percent of total program positions	3.40%	2.37%	3.40%	3.40%
<b>Revised measure:</b> Number of evidence sample analyses / examinations processed and <b>photographic</b> imaging services provided	6,500/ 11,488	10,343/12,963	6,500/ 11,488	<b>Request revision Adjust Standard 6,500/12,000</b>
Number of total incidents reported to the Florida Fire Incident Reporting System	1,000,000	2,125,886	1,000,000	<b>Request deletion 1,000,000</b>
<b>New measure:</b> To import 100% of incident data submitted by Florida Fire Departments within the calendar year	N/A	N/A	N/A	100%



**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: State Property and Casualty Claims	Code: 43400000
Service/Budget Entity: Self-Insured Claims Adjustment	Code: 43400100

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Average operational cost per claim worked	\$160	\$240	\$160	Adjust Standard \$239
Number of workers' compensation claims requiring some payment per 100 FTE employees	5.7	4.28	5.7	5.7
Average cost of workers' compensation claims paid	\$5,229	\$5,488	\$5,229	\$5,229
Percent of liability claims closed in relation to liability claims worked during the fiscal year	49%	54.4%	49%	49%
State employees' workers' compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employees' payroll as compared to prior years	\$1.33	\$1.20	\$1.33	Adjust Standard \$1.10
Percent of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, F.A.C.	95%	98%	95%	95%
<b>Request deletion:</b> Number/percent of responses indicating the risk services training they received was useful in developing and implementing risk management plans in their agencies	100 / 90%	422 / 99%	100 / 90%	Request deletion Adjust Standard
Average cost of tort liability claims paid	\$8,900	\$8,687	\$8,900	\$9,651 Adjust Standard
Average cost of federal civil rights liability claims paid	\$37,000	\$68,951	\$37,000	\$44,226 Adjust Standard
Average cost of property claims paid	\$3,300	\$10,097	\$3,300	\$3,300
Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made	180	355	180	180
Number of workers' compensation claims worked	25,500	22,088	25,500	Adjust Standard 22,000
Number of liability claims worked	5,430	5,490	5,430	5,430
<b>Request revision:</b> <del>Number of Workers Compensation claims litigated.</del> <b>Number of workers' compensation claims assigned for litigation during the current fiscal year</b>	500	465	500	Adjust Standard 421
Number of state property loss/damage claims worked	275	156	275	275

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Insurance Company Rehabilitation and Liquidation	Code: 43500100

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<del>Ratio of companies in receivership discharged to the number of companies placed in receivership during the fiscal year.</del>	>1:1	4:3	>1:1	Request revision
<b>Revised measure:</b> Percentage of companies with only class 3 or higher claims closed within 2 years after all litigation is concluded and all objections have been resolved	N/A	100%	N/A	90%
<b>Request deletion:</b> Maximum number of insurance companies entering rehabilitation or liquidation	5	3	5	Request deletion
Percent of appraised value of assets liquidated for real property	90%	0.00%	90%	90%
Percent of appraised value of assets liquidated for personal property	75%	100.00%	75%	75%
<b>Request deletion:</b> Total number of insurance companies in rehabilitation or liquidation during the year	50	45	50	Request deletion

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Licensure, Sales Appointment and Oversight	Code: 43500200

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<del>Maximum percent of insurance representatives requiring discipline or oversight</del>	9.97%	9%	9.97%	Request revision -9.97%
<del>Revised measure:</del> Percent of licensees disciplined	N/A	8.61%	N/A	7%
<del>New measure:</del> Percent of applications processed within 7 working days	N/A	84%	N/A	90%
<del>New measure:</del> Percent of licensees complying with continuing education requirements	N/A	64%	N/A	75%
<del>New measure:</del> Percent of investigations completed within 130 days	N/A	69%	N/A	60%
<del>New measure:</del> Percent of satisfaction of Customer Contact Center services	N/A	83%	N/A	90%
<del>New measure:</del> Percent of completed investigations recommended for formal action that result in an action.	N/A	53%	N/A	55%
<del>Request deletion:</del> Number of applications for licensure processed	80,694	113,223	80,694	Request deletion
<del>Request deletion:</del> Number of appointment actions processed	1,487,454	1,622,900	1,487,454	Request deletion
<del>Request deletion:</del> Number of applicants and licensees required to comply with education requirements	128,724	159,347	128,724	Request deletion
<del>Request deletion:</del> Number of examinations administered and licenses authorized	91,449	103,478	91,449	Request deletion
<del>Request deletion:</del> Number of agent and agency investigations completed	1,800	4,165	1,800	Request deletion
<del>Request deletion:</del> Number of agent and agency investigations opened	1,999	3,882	1,999	Request deletion
<del>Request deletion:</del> Percent of investigative actions resulting in administrative action against agents and agencies	35%	53%	35%	Request deletion

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Insurance Fraud	Code: 43500300

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Percent of insurance fraud cases presented for prosecution by law enforcement investigators	1%	18%	1%	1%
Number of insurance fraud investigations completed (not including workers' compensation cases)	1,100	1,402	1,100	1,100
Number of worker's compensation insurance fraud investigations completed (not including general fraud investigations)	400	569	400	400
Number of cases presented for prosecution	680	982	680	680
Dollar amount of restitution ordered by the court as a percent of the amount recommended by the Department for fraud investigations, by year ordered	70%	53%	70%	70%
Dollar amount of recommended orders of restitution, per case	30,000	35,248	30,000	30,000

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Consumer Assistance	Code: 43500400

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<b>Request deletion:</b> Percent of consumer activities that result in quality service and consumer satisfaction	90%	N/A	90%	<b>Request deletion</b>
<b>New measure:</b> Percent of consumer activities that result in quality service	80%	80%	80%	80%
<b>New measure:</b> Percentage of consumers satisfied with the service provided	80%	74%	80%	80%
<b>Request deletion:</b> Number of consumer educational materials created and distributed	581,880	111,700	581,880	<b>Request deletion</b>
<b>Request deletion:</b> Number of telephone calls answered through the consumer helpline	426,888	293,067	426,888	<b>Request deletion</b>
<b>New measure:</b> Percentage of phone calls answered within two minutes	86	74%	86	90%
<b>Request deletion:</b> Number of consumer requests and information inquiries handled	66,540	39,221	66,540	<b>Request deletion</b>

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Funeral and Cemetery Services	Code: 43500500

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
<b>Request deletion:</b> Number of cemetery and certificate of authority examinations completed				<b>Request deletion</b>
<b>New measure:</b> Percentage of investigations submitted to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	N/A	N/A	N/A	90%
<b>New measure:</b> Percentage of investigations completed within 150 days of initiation	N/A	N/A	N/A	80%
<b>New measure:</b> Percentage of establishments and cemeteries inspected per fiscal year	N/A	100%	N/A	100%
<b>New measure:</b> Percentage of financial examinations with deficit findings that resulted in deficits being corrected, initiation of an investigation or disciplinary action being taken against the licensee.	N/A	83%	N/A	95%
<b>New measure:</b> Percentage of cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records, initiation of an investigation or disciplinary action being taken against the cemetery.	N/A	91.89%	N/A	95%
<b>New measure:</b> Percentage of funeral establishment inspections with health and safety findings that resulted in corrective action, initiation of an investigation or disciplinary action being taken against the establishment.	N/A	89.84%	N/A	95%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Workers' Compensation	Code: 43600000
Service/Budget Entity: Workers' Compensation	Code: 43600100

Approved Performance Measures for FY 2009-10 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
Percent of first indemnity payments made timely	90%	93.0%	90%	Adjust Standard 95%
<del>Request deletion:</del> Percent of injured workers returning to work at 80% or more of previous average quarterly wage during the four-quarter period following the quarter of injury	65%		65%	Request deletion
Number of claim files reviewed annually	59,000	81,893	59,000	Adjust Standard 86,000
Number of employer investigations conducted	55,000	29,166	55,000	Adjust Standard 30,000
<del>Revised measure:</del> <del>Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office</del> <del>Number of disputes resolved for injured workers by the Employee Assistance Office.</del>	6,000	1,981	6,000	Request revision 2,600
Percentage of injured workers that obtain one or more benefits due to intervention by the Employee Assistance Office	40%	59%	40%	Adjust Standard 55%
Percentage of injured workers verbally contacted by an Employee Assistance Office representative	35%	63%	35%	Adjust Standard 50%
Number of reimbursement requests (SDF-2) audited	5,200	3,727	5,200	Adjust Standard 5,200
Number of reimbursement requests (SDF-2) paid	6,500	2,002	6,500	Adjust Standard 1,743
<del>Request deletion:</del> Amount of assessment dollars collected - WCATF	\$50,000,000	\$13,195,651	\$50,000,000	Request deletion
<del>Request deletion:</del> Amount of assessment dollars collected - SDTF	\$233,000,000	\$141,679,576	\$233,000,000	Request deletion

# Department of Financial Services

## Assessment of Performance for Approved Performance Measures – LRPP Exhibit III



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Executive Direction and Support Services/43010100

**Measure:** Administrative costs as a percent of total agency costs

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4.43%	3.93%	(0.5%)	

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

Following the mergers of the Department of Insurance and the Department of Banking and Finance in January 2003, performance measures were developed and standards assigned. Reorganizations within the department, effective July 2009, will impact the annual actual for this performance measure. The department requests the standard be revised to 5.00%.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Executive Direction and Support Services/43010100

**Measure:** Administrative positions as a percent of total agency positions

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4.93%	5.10%	0.17%	

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

Following the mergers of the Department of Insurance and the Department of Banking and Finance in January 2003, performance measures were developed and standards assigned. For each year following the merger, the percent of positions has exceeded the standard. In addition, reorganizations within the department, effective July 2009, will also impact actual results. The department requests the standard be revised to 6.00%.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Legal Services/43010200

**Measure:** Percent of closed files involving allegations of statutory violations that were successfully prosecuted.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
88%	96%	8%	9.09%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The Division has performed above standard for past few years, therefore, will change the standard to 92%.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Percent of customers who returned a customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	95.03%	+10.03 over	+10.03%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

DIS developed and automated customer surveys from the Remedy Helpdesk application. Remedy sends surveys via email to resolved helpdesk calls and records the results. DIS is requesting that the approved standard increase to 95% based on the automated survey results. The previous standard of 85% was based on an estimate by DIS.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input checked="" type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:**

Data for this measure is provided on a quarterly basis. Data was retrieved from DFS Digital Dashboard.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Information Technology Costs as Percent of Total Agency Cost

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4.21%	6.8%	+2.59%	+2.59%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

As it is evident from comparison of data reported in the past two years, DIS made tremendous progress in improving this measure. DIS continues to identify opportunities for automated and process improvements to further improve this measure.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Data for this measure is provided from DFS budget office.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Information Technology Positions as a Percent of Total Agency Positions

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3.33%	4.50%	+1.17%	+1.17%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

DIS acknowledges that this measure was approved by the senate in 2006-2007. However, DIS would appreciate an explanation as to how this standard was established and what parameters were used to arrive at the percentage.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Data for this measure was provided from the DFS budget office.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Office of Chief Financial Officer and Administration  
**Service/Budget Entity:** Information Technology/43010300  
**Measure:** System design and programming hourly cost

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$60	\$32.33	-27.70	-27.70%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

DIS hourly rate is almost half the approved standard because DIS is relying on state employees for system design and programming and less IT services from 3<sup>rd</sup> party contractors.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

DIS identified all resources including programmers, supervisors, and bureau chiefs that participate in system design and programming for the Bureau of Insurance Applications and the Bureau of Financial Applications. DIS is not relying on external contractors and vendors which generally charge more per hourly rate.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Percent of scheduled hours computer and network are available

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
99.95%	Non-FLAIR: 99.97%	Non-FLAIR: + .02%	Non-FLAIR: + .02%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Actual performance results were manually calculated for Non-FLAIR mainframe applications.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input checked="" type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:**

DIS purchase monitoring software tools that can automatically calculate computer and network availability.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Office of Chief Financial Officer and Administration  
**Service/Budget Entity:** Information Technology/43010300  
**Measure:** Percent of scheduled services completed timely

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	90%	N/A	N/A

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology – FLAIR Infrastructure/43010500

**Measure:** Percent of scheduled hours computer and network are available

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
99.95%	FLAIR: 99.99%	FLAIR: + .04%	FLAIR: + .04%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Actual performance results were manually calculated for FLAIR mainframe applications.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input checked="" type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:**

DIS purchase software monitoring tools that can automatically calculate computer and network availability.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Deposit Security/43100200

**Measure:** Maximum administrative unit cost per \$100,000 of securities placed for deposit security service purposes.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$20	\$6.46	(13.40)	(68%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** There has been an unusual increase in collateral requirements for the Qualified Public Depositories that resulted in an abnormal increase in pledged collateral analyses and transactions. It is anticipated that these deposits will begin to return to their previous levels during the 2009-10 fiscal year.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** None

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Deposit Security/43100200

**Measure:** Number of analyses performed on the financial condition of qualified public depositories and custodians and securities held for regulatory collateral deposit.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5420	14,163	8,743	261%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** There has been an unusual increase in collateral requirements for the Qualified Public Depositories that resulted in an abnormal increase in pledged collateral analyses and transactions. It is anticipated that these deposits will begin to return to their previous levels during the 2009-10 fiscal year.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** None

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Deposit Security/43100200

**Measure:** Number of account actions taken on regulatory collateral deposit accounts.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
39,116	62,082	22,966	172%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** There has been an unusual increase in collateral requirements for the Qualified Public Depositories that resulted in an abnormal increase in pledged collateral analyses and transactions. It is anticipated that these deposits will begin to return to their previous levels during the 2009-10 fiscal year.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** None

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

**Service/Budget Entity:** State Funds Management and Investment/43100300

**Measure:** Ratio of net Rate of return to established national benchmarks for: (V) investment grade convertible bonds

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This investment strategy is no longer being used.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

**Service/Budget Entity:** State Funds Management and Investment/43100300

**Measure:** Number of financial management/accounting transactions processed and reports produced

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4,500,000	9,999,487		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This output measure does not adequately represent how the Bureau performs.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

**Service/Budget Entity:** State Funds Management and Investment/43100300

**Measure:** Dollar volume of funds invested

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$19.0 billion	\$16.0 billion		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This output measure does not adequately represent how the Bureau performs.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Supplemental Retirement Plan/43100400

**Measure:** Number of new participants in the State Deferred Compensation Plan over the previous year

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
600	(79)	Under	113%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

The decline in State personnel

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The decline in the economy, specifically the rise in unemployment and the decline in the investment markets kept employees from joining the deferred compensation program

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Supplemental Retirement Program/43100400

**Measure:** Percentage increase in the Deferred Compensation Contributions over the previous year

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2%	(9.05%)	under	552.5%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

The decline in State personnel.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

The decline in the economy and investment markets discouraged participants from continuing their contributions or increasing their contributions and employees from joining the program.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Supplemental Retirement Plan/43100400

**Measure:** Minimum percent of state employees participating in the State Deferred Compensation Plan (excluding SUS employees)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
46%	46%		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** Due to the change of Federal legislation, participants are able to roll their accounts out to the private sector.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division of Treasury is requesting deletion of this performance measure. The data provided is not meaningful for management or others to determine the effectiveness of the program. The division proposes replacing this performance measure with measures providing information related to the increase in plan participants and contributions. The division believes these replacement measures will assist management in determining the effectiveness of program efforts.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Supplemental Retirement Plan/43100400

**Measure:** Minimum percent of state employees participating in the State Deferred Compensation Plan (including SUS employees)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
39%	39%		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** Due to the change of Federal legislation, participants are able to roll their accounts out to the private sector.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division of Treasury is requesting deletion of this performance measure. The data provided is not meaningful for management or others to determine the effectiveness of the program. The division proposes replacing this performance measure with measures providing information related to the increase in plan participants and contributions. The division believes these replacement measures will assist management in determining the effectiveness of program efforts.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Supplemental Retirement Plan/43100400

**Measure:** Number of participant account actions processed by the state deferred compensation office

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2,200,000	2,200,000		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** Due to the change of Federal legislation, participants are able to roll their accounts out to the private sector.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division of Treasury is requesting deletion of this performance measure. The data provided is not meaningful for management or others to determine the effectiveness of the program. The division proposes replacing this performance measure with measures providing information related to the increase in plan participants and contributions. The division believes these replacement measures will assist management in determining the effectiveness of program efforts.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Treasury

**Service/Budget Entity:** Supplemental Retirement Plan/43100400

**Measure:** Number of Educational materials distributed by the state deferred compensation office

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
400,000	300,000	under	25%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This measure has been requested to be deleted and therefore it no longer measures the accuracy of the program.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: Percent of program's customers who returned an overall customer services rating of good or excellent on surveys.

### Action:

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%			

### Factors Accounting for the Difference:

#### Internal Factors (check all that apply):

- Personnel Factors       Staff Capacity  
 Competing Priorities       Level of Training  
 Previous Estimate Incorrect       Other (Identify)

#### Explanation:

#### External Factors (check all that apply):

- Resources Unavailable       Technological Problems  
 Legal/Legislative Change       Natural Disaster  
 Target Population Change       Other (Identify)  
 This Program/Service Cannot Fix The Problem  
 Current Laws Are Working Against The Agency Mission

#### Explanation:

#### Management Efforts to Address Differences/Problems (check all that apply):

- Training       Technology  
 Personnel       Other (Identify)

#### Recommendations:

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Financial Accountability for Public funds

**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100

**Measure:** Percent of vendor payments issued in less than the statutory time limit of 10 days.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: **Requesting Title Change Only** - Percent of vendor payments issued electronically – **Revise To** – Percent of vendor payments issued via electronic funds transfer (EFT)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: Requesting Title Change Only - Percent of payroll payments issued electronically – Revise To – Percent of payroll payments issued via electronic funds transfer (EFT)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: **Requesting Change in Title Only** - Percent of retirement payments issued electronically – **Revise To** – Percent of retirement payments issued via electronic funds transfer (EFT)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
83%			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Financial Accountability for Public Funds  
**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100  
**Measure:** Number of Post-Audits Completed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
12	6	-6	50%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors               | <input checked="" type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)          |

**Explanation:**

During 08-09, the Bureau focused on the CFO's contract and grant review initiative which began in 7January 08. This initiative required staff resources previously dedicated to post-audits.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

This established performance measure does not accurately reflect the current processes employed by the Bureau to carry out its function. The Bureau's focus has shifted coverage to high risk transactions through a variety of methodologies. The LRPP does not include these new measures.

The LRPP does not include these new measures.

A revision to this measure is being submitted to accurately reflect the current process the Bureau utilizes to accomplish this function.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100

**Measure:** Number of Post-Audits Completed – Revise To – Number of Post-Audits and Management Reviews Completed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
12			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percent of the total dollar amount of claims paid to the owner compared to the total dollar amount of returnable accounts reported / received (Claims paid as a percent of all dollars in accounts received) - **Revise To** – Percent of the total dollar amount of claims paid to the owner in the fiscal year compared to the total dollar amount of returnable accounts reported/received in the prior fiscal year. (Claims paid as a percent of all dollars in accounts received.)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percent of the total number of claims paid to the owner compared to the total number of returnable accounts reported / received (Number of claims paid as a percent of all accounts.) – Revise To – Percent of the total number of claims paid to the owner in the fiscal year compared to the total number of returnable accounts reported / received in the prior fiscal year. (Number of claims paid as a percent of all accounts.)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
22%			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Number/dollar value of owner accounts processed.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
450,000/ \$163 million	1,302,872/ \$131,682,120	+852,872/ -\$31,317,880	290% 81%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:**

Increased efforts in holder education and compliance combined with an overall increase in general awareness of unclaimed property requirements have resulted in more accounts and more funds being reported to the Bureau. Also, technological advances and increased usage of electronic reporting by holders of unclaimed property facilitates the reporting of more individual accounts when compared to manual processes used in the past.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed property/43200200

**Measure:** Number of claims paid/dollar value of claims paid.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
120,000/ \$90 million	300,739/ \$168,521,461	+180,739/ +\$78,521,461	251% 187%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:**

Higher numbers of accounts and dollars being reported to the Bureau result in higher numbers of claims and higher dollar value of claims paid. Additionally improvements in the bureau's proactive notification, as well as lowering the threshold of proactive notifications from \$250 to \$25, have resulted in higher numbers of claims paid. Technological advances such as document imaging and workflow enhancements to the unclaimed Property Management of Information System, the fast track claims process, and the increased public awareness of the program achieved through earned media and other outreach efforts have resulted in a higher volume of claims paid.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: Recovery and Return of Unclaimed Property/43200200

Measure: Percent of claims paid within 90 days from date received (cumulative total) - Revision requested - Percent of claims processed within 45 days from date received (cumulative total)

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Amount of Direct Losses from Fires in State Owned Buildings

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$250,000	NA	N/A	N/A

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Inspectors are not qualified to determine that amount of losses from fires. Any data would be acquired from an outside source.

**External Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                               | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                               | <input checked="" type="checkbox"/> Other (Identify) |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |  |

**Explanation:**

The amount of direct losses cannot be assessed in a single fiscal year. The amount may take up to five years to determine. Consequently, any figure provided for a given FY would be invalid.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Delete Measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Percent of mandated regulatory inspections completed

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	136%	36%	36%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The number of regulatory inspections there will be at the beginning of a year is variable. The number of mandated regulatory inspections in this measure should be based upon the total activity for the previous year, which could increase or be reduced based on licensing fluctuation within the industry. Regulatory inspections are conducted periodically upon renewal of certain industries' licenses and upon new applications for licensure.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** See above.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

The numbers of inspections will fluctuate but the standard will always be based upon the total activity for the previous year, this should allow for consistency within the numbers.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of high hazard inspections completed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
6700	7287	587	8%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

The measurement of completed building inspections is indicative of the workload and efficiency of the staff conducting the inspections. The Inspection Section in the Bureau of Fire Prevention has developed a standard methodology to ensure consistent data. This standard methodology will produce consistent data while actual numbers of buildings will fluctuate due to new construction, demolition, or removal from service. The Inspection Section inspects on an annual basis all high hazard buildings as defined in the Florida Administrative Code.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The baseline data collected in Fiscal Year 2008-2009 of completed inspections will be used to measure the inspection data collected in Fiscal Year 2009-2010. This process of data collection and comparison will be repeated each fiscal year and used to measure the workload and efficiency of the current fiscal year.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of construction inspections completed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1500	1927	427	22%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Construction inspections are completed by the fire protection specialists as the customers request the inspection.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

The size and the complexity of the buildings as well as agency priorities directly affect the number of inspections requested and completed.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of **mandated** regulatory inspections completed

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure            |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
550	750	200	36%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The number of regulatory inspections there will be at the beginning of a year is variable. The number of **mandated** regulatory inspections in this measure should be based upon the total activity for the previous year, which could increase or be reduced based on licensing fluctuation within the industry. Regulatory inspections are conducted periodically upon renewal of certain industries' licenses and upon new applications for licensure.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

See above.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

The numbers of inspections will fluctuate but the GAA Standard will always be based upon the total activity for the previous year, this should allow for consistency within the numbers.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Percent of fire code inspections completed within statutory defined timeframes

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	106%	6%	6%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The number of inspections is a direct reflection of the volume of work completed by the fire protection specialists through out the state.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The actual numbers of buildings will fluctuate due to new construction, demolition, or removal from service by the agencies.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of boiler inspections completed by department inspectors

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,500	4378	878	25%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)          |

**Explanation:**

Four deputy boiler inspectors conducted inspections during the entire reporting period versus three.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Approved standard has been requested to be increased.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of entity requests for licenses, permits, and certifications processed within statutorily mandated time frames

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
7,603	8,312	709	9%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input checked="" type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster                  |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Data for this measure is recorded as applicant detail and taken from each application received. The data is entered into the Regulatory Licensing System (RLS). Data produced provides the following detail:

- The number of applications received within a month.
- The number of licenses issued by the Regulatory Licensing Staff within a month.
- The number of renewals issued within a month.
- The number of denials issued within a month.

RLS does not have the functionality to determine whether an application was processed within the statutorily mandated time frame.

Moreover, data for this measure will fluctuate from fiscal year to fiscal year. Chapter 633, Florida Statutes, provides that the five classifications of fire protection system contractors shall be required to renew their licenses on a two year cycle. Fire Equipment Dealers and Permit holders renew their authorities on a two year cycle as well.

As the number of licenses processed varies from month to month, the measurement of licenses processed within the statutorily mandated time frame must be calculated by determining the number of licenses issued, denied, or renewed within a month as RLS does not have the functionality to determine whether an application was processed within the statutorily mandated time frames.

**Management Efforts to Address Differences/Problems** (check all that apply):

- Training
- Personnel

- Technology
- Other (Identify)

**Recommendations:**

Efforts are being made to procure a licensing system to replace RLS which will include the functionality to track whether an application has been processed within the statutorily mandated time frames.

Absent the procurement of such a system, a revision to the performance measure itself is being recommended.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%	83.3%	+3.3%	+3.3%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** Supervisory diligence assisted detectives in closing additional investigative cases. Management attention to case management increase successful closure rate.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Percent of arson arrests resulting in conviction

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
87%	69.10%	(-17.9%)	

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)             |

**Explanation:** BFAL works hard to properly prepare and present Arson Cases to State Attorneys.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** Many times, prosecutors do not understand the scientific results of the cause and origin of fires. Therefore due to heavy prosecution workloads, prosecutors have difficulty presenting Arson Cases.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** Due to the science involved in determining the origin and cause of fires, Arson Investigations are difficult to prosecute. BFAL will work to increase awareness of Prosecutors concerning the elements and evidence needed for successful Arson prosecutions. BFAL will continue to prepare and present Arson investigations to the State Attorneys.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Percent of closed arson investigations for which an arrest was made in Florida

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
18%	30.8%	+12.8%	+12.8%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** More arson arrests were made by BFAI Detectives

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** 18% is the current national average used for this performance standard by Fire Investigative Agencies nationwide. During this time period our agency exceeded the national average. Arson arrests by BFAI exceed the national average.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Total number of closed fire investigations involving economic or physical loss

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
7,200	N/A	(7,200)	(100%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This Measure provides no valid data to enhance management direction.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

This Measure provides no valid data to enhance management direction

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Delete Measure. Every fire results in property loss. Accurate economic loss is difficult to assess for some time after the investigation.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Percent above satisfactory ratings by supervisors of student's job performance from post-class evaluations of skills gained through training at the Florida State Fire College.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	92%		2%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** N/A

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** N/A

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** N/A

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Challenges to examination results and eligibility determination as a percent of those eligible to challenge

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
<1%	<1%		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** N/A

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** N/A

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** N/A

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of students trained and classroom contact hours provided by the Florida State Fire College

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4200/220,000	6040/179,074	+1840/-40,926	+43%/-18%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** Several classes had to be cancelled for lack of a qualified instructor due to personnel shortages; many of our class offerings are shorter than the traditional 40 hours. Resulting in more students and less contact hours.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Resources Unavailable                    | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** Loss of instructor position will create greater reliance on OPS instruction.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> Training             | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** Creative Hiring and scheduling to accommodate OPS instruction. Change Standard to reflect student base of 5,500 with contact hours of 175,000.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of Examinations Administered

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,500	8,696	3196	58%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation: Certification Examinations continue to escalate in number and will increase again in the coming year due to changes in Florida Administrative Code requiring additional testing for Firefighter I.**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation: Firefighter I practical testing will result in an additional increase in the coming year.**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> Training             | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations: Creative Hiring and scheduling to accommodate OPS Field Examiners to deliver testing. Change standard to reflect 8,000 as approved base.**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Percent of Fire College Students passing certification exam on first attempt.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
82%	91%		9%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** Recent history suggests appropriate measure of 88%

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire Marshal Administrative and Support Services/43300500

**Measure:** Number of evidence sample analyses / examinations processed and imaging services provided

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input checked="" type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure            |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
6,500/ 11,488	10,343/12963	3843/1475	59.12%/11.38%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The standards used have not kept pace with the changes in workload submitted for analysis and processing by the Service/Budget Entity and need to be re-aligned. The current measure uses two similar factors that need to be combined. The first factor in the standard “6,500” is the number of items of evidence analyzed chemically. The second factor in the standard, “11,488”, is the number of items of evidence analyzed chemically plus the number of imaging items processed. The measure would be more meaningful if the first factor were eliminated and only the second factor, the number of items of evidence analyzed chemically plus the number of imaging items processed were used. The approved standard would have been **11,488**. If this were the standard the actual performance results would have been reported as **12,963 with a difference of 1475 or up by 11.38%**. As it exists, the inclusion of the first factor makes the performance results unclear.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |



**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

Training

Technology

Personnel

Other (Identify)

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire Marshal Administration and Support Services/43300500

**Measure:** Number of total incidents reported to the Florida Fire Incident Reporting System

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,000,000	2,125,886	1,125,886	212.58%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This measure does not accurately represent the unit's purpose. The incidents reported are based on the willingness of fire departments to provide data to the unit. The purpose of the unit is to ensure that all the data reported is uploaded into the state and federal databases.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The measure does not represent the work of the unit.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Delete this measure and replace with recommended measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100

**Measure:** Average Operational Cost Per Claim Worked

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$160	\$240	\$80	50.0%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This measure is calculated by dividing the sum of our operating expenditures by the number of claims worked. While our operating costs have remained fairly constant, our number of claims has decreased, resulting in a higher average operational cost per claim worked. It should also be realized that our operational costs are less than 4% of our total expenditures.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The majority of our claims are workers' compensation claims, and the number of new claims incurred each year has been decreasing over the last several years. This is a positive development for the State because it should lead to a reduction in the amount paid for this type of claim. However, our operating costs will increase as salaries and benefits increase and as the Division begins handling claims that were previously outsourced and paid from non-operating categories in an effort to reduce overall claim costs. This increase in operating costs and decline in the number of claims worked will cause this outcome measure to increase over time.

**Management Efforts to Address Differences/Problems** (check all that apply):

Training

Technology

Personnel

Other (Identify)

**Recommendations:**

We requested the standard for this measure for FY08-09 to be increased to \$239 but were not approved. This measure does include the operating categories "Human Resource Outsourcing " and "Contracted Services" which were new in FY07-08.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100

**Measure:** Percent of Liability Claims Closed in Relation to Liability Claims Worked During the Fiscal Year

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
49%	54.4%	+54.4%	+54.4%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

When this standard was first implemented in FY 97/98, it was 51%. In the 11 years since then, we have only attained 51% in three years: FY 98/99, FY 07/08 and FY 08/09. The actual percentage for FY 02/03 and FY 03/04 was 49%. There was not an approved standard for FY 04/05 due to a change in the wording of this performance measure (although this change did not materially affect this percentage measure). We should have requested 49% as the standard for FY 05/06 (especially considering the actual percentage for FY 04/05 was 43.5%) but the approved standard for FY 05/06 remained 51%. For unknown reasons, there was no approved standard for FY 07/08 or FY 08/09. The actual percentages for these years are 53.5% and 54.4% respectively. There is no approved standard for FY 09/10 and we are requesting 49% for FY 10/11 even though we exceeded 49% the last two years. We do not expect the factors responsible for this spike to continue and believe 49% is a realistic standard for the future.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

This measure is defined as: the number of claims closed during the fiscal year divided by the number of pending claims on hand at the beginning of the fiscal year plus the number of new claims received during the fiscal year (claims worked). For a desirable percentage (a larger percentage), you need a large number of claims closed compared to the sum of pending plus received. Over the last 2 years, we have placed a strong emphasis on early resolution of claims and the number of claims closed has increased. Even though the number of claims received has also increased (a factor we cannot control) the number of pending claims at the beginning of the fiscal year has held steady resulting in percentages of 53.5% and 54.4%. Due to changes in legislation, other external factors and the fact that we have settled many of the less complex claims, resulting in it being harder to close the remaining claims which are more complex, we do not anticipate being able to sustain our pace on closing claims. Therefore, we believe 49% is a realistic standard to request for FY 10/11.

**Management Efforts to Address Differences/Problems** (check all that apply): Training Technology Personnel Other (Identify)**Recommendations:**

For unknown reasons, there is no approved standard for this measure for FY 07/08, FY 08/09, or FY 09/10. We are requesting 49% be approved for FY 10/11.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment 43400100

**Measure:** State Employees' Workers' Compensation Benefit Cost Rate, as defined by indemnity and medical benefits, per \$100 of state employees' payroll as compared to prior years.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$1.33	\$1.20	\$.13	10%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** The lower benefit cost rate is a positive for our program. This measure indicates that workers' compensation cost have increased at a lower rate than the State payroll. Legislative changes to the Florida Workers' Compensation Law in 2003 are having a positive effect on claim costs.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** We previously requested the standard for FY 2010/2011 be revised to \$1.10. However due to 1<sup>st</sup> DCA decision in the Mariner case (November 2008) cost are expected to increase relative to the 2003 legislative changes and the standard should be revised to \$1.20.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100

**Measure:** Number/ percent of responses indicating the risk services training they received was useful in developing and implementing risk management plans in their agencies

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100/ 90%	422/ 99%		

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

We believe that the purpose in training agency safety coordinators to implement and maintain risk management programs is to reduce claim costs for this program. Outcome measures that address the average claim costs or the number of workers' compensation claims per 100 FTEs are more indicative of successful training programs than this measure.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

We request that this measure be deleted.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100

**Measure:** Average Cost of Tort Liability Claims Paid

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$8,900	\$7,343	\$1,557	-17%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The average cost of a tort liability claim in FY 04/05 was \$8,858 and it was \$8,657 in FY 05/06. We expected our average cost per claim to increase at least by the CPI increase each year and so we requested a standard of \$8,900 for FY 06/07, \$9,397 for FY 07/08 and \$9,651 for FY 08/09. However, for reasons that are not clearly identified, our average cost dropped in FY 06/07 to \$8,072 and dropped further in FY 07/08 to \$7,343. The question we are trying to answer is: Is \$9,651 a realistic standard for FY 08/09 considering the actual for FY 07/08 was \$7,343?

The claims we examine for this measure occurred 4 years prior to the year we report the average to allow for claim development and maturity. The claims we will report on in FY 08/09 occurred in FY 04/05. This average is the total amount paid for claims occurring in FY 04/05 as of 6/30/09 divided by the number of claims on which a payment was made. If the total amount paid for tort claims remains steady or increases from year to year but the number of claims that occur and require a payment decreases, the average cost per claim paid will increase. In FY 04/05, the bureau received 406 fewer claims overall than in FY 03/04. The total amount of money paid for tort claims each year has increased by \$3M since FY 04/05. We expect this average, with fewer claims and more money paid, will likely increase to projected levels in FY 08/09. As of 9/23/08, we have paid \$7,641,556 on 1,047 claims that occurred in FY 04/05 for an average of \$7,299. However, we still have 10 months to pay on 96 claims that are still open before computing our average for FY 08/09. Projecting our payments out for the next 10 months, as best we can, we anticipate the average for FY 08/09 will be

approximately \$9,219. Therefore, we maintain our request for \$9,651 for FY 08/09 but we can certainly agree to \$8,900 if that is the decision. This average is very difficult to predict but it is always good news when the average comes in lower than predicted.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The Division of Risk Management (DRM) and the claim adjusters in the Bureau of State Liability Claims (BSLC) have minimal control over these averages. The major factors are how many claims occur and the severity of these claims.

Our loss prevention/loss control efforts can theoretically reduce the number and severity of claims, but ultimately it depends on actions taken or not taken by state agencies. After a claim occurs, adjusters in BSLC can affect the cost of a claim by completing the investigation and evaluation of the claim quickly and trying to resolve the claim prior to litigation. Mediation is an effective tool to resolve claims prior to trial which can reduce claim cost. Quality claim investigations, retention of quality defense attorneys, negotiating skills of the adjusters and defense attorneys, and accurate evaluation of claims are some additional factors that can reduce the average cost of claims for which we have some control.

These measures are more of an indicator as to how the agencies are operating their programs than how DRM is performing, but as noted, DRM can have an effect on these averages. We have a strong interest in reducing these averages and therefore need to track these averages regardless of whether they are included in a performance measure.

There are also external factors, for which we have no control, that affect the average claim cost. Some of these factors are: inflation; increased jury verdicts; increased settlement expectations; increased legal fees and expenses; and legislative changes increasing exposures covered by our program or claims costs.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Since a lower average claim cost is good for the state, there is no problem to address. As noted, this average is difficult to predict as Risk Management has minimal control over the average cost of claims. We will continue to try and estimate this average as best we can and request a realistic standard.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100

**Measure:** Average Cost of Federal Civil Rights Liability Claims Paid

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$37,000	\$68,951	+\$31,951	+86%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect |  |
| <input checked="" type="checkbox"/> Other (Identify)            |  |

**Explanation:**

It is difficult due to the unpredictability and volatility of this coverage line (which includes federal civil rights and employment discrimination claims) to predict this measure with any degree of accuracy. There are no monetary limits or caps on federal civil rights (FCR) claims and limited caps on employment discrimination claims. Each year, actuaries try to predict how much we will pay on FCR claims but they admit, their estimates have a large margin of error. This is illustrated by the actual average cost of an FCR claim paid over the last 7 years: \$47,646; \$32,440; \$37,898; \$34,022; \$38,515; \$50,073; and \$68,951. The cost to resolve our most serious FCR claims has risen dramatically in the last several years and all employment claims have become more expensive to resolve. Anticipating this trend, the bureau requested a standard of \$40,205 for FY 07/08 but the approved standard was held at the previous year standard of \$37,000. The average cost per claim of FY 07/08 was \$50,073. We requested a standard of \$44,226 for FY 08/09 but the standard remained \$37,000 which is not a realistic standard.

During FY 08/09, the bureau settled several expensive claims including a large number of claims on one specific exposure. The bureau worked with several agencies, particularly DCF, in a concerted effort to resolve some of the most serious FCR cases.

We were very successful in our efforts and settled a large number of our most serious cases which resulted in a much higher average claim cost for FY 08/09. We anticipate the average claim cost will be lower in FY 09/10.

**External Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems      |
| <input checked="" type="checkbox"/> Legal/Legislative Change                    | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                               | <input checked="" type="checkbox"/> Other (Identify) |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |  |

**Explanation:**

Generally, the cost of claims increases each year due to inflationary factors, legislative changes, case law changes, increased jury verdicts, increased settlement expectations, increased legal expenses and fees, etc.

Key factors in this measure are the number of claims that we make a payment on and the severity of the claim or the amount of money we have to pay. Over the past 7 years, the number of claims received has steadily decreased and external factors (such as legislative and case law changes which have increased the elements of damages available to claimants in employment claims and made it more difficult for prisoners to file FCR claims) have reduced the number of minor claims (low cost value). This has had a "double impact" on the average cost per claim causing the average to go higher each year than would be expected due to inflation alone as there are fewer claims with more severity. As noted, the cost to settle our most serious FCR claims and all employment discrimination claims has risen dramatically in the last 7 years. Bureau claim adjusters have minimal control over this average. The major factors are how many claims occur and the severity of these claims.

Our loss prevention/loss control efforts can theoretically reduce the number and severity of claims but ultimately it depends on actions taken or not taken by state agencies. After a claim occurs, bureau adjusters can affect the cost of a claim by completing the investigation and evaluation of the claim quickly and trying to resolve the claim prior to litigation. Mediation is an effective tool to resolve claims prior to trial which can reduce claim cost. Quality claim investigations, retention of quality defense attorneys, negotiating skills of the adjusters and defense attorneys, and accurate evaluation of claims are some additional factors that can reduce the average cost of claims for which we have some control.

This measure is more of an indicator as to how the agencies are operating their programs than how the bureau is performing, but as noted, we can have an effect on these averages. We have a strong interest in reducing these averages and therefore need to track these averages.

**Management Efforts to Address Differences/Problems** (check all that apply):

- Training
- Personnel

- Technology
- Other (Identify)

**Recommendations:**

As noted in the "Internal Factors", this measure is difficult to predict even for actuaries. The high average cost in FY 08/09 was due to several factors but primarily it was due to settling several expensive cases in a concerted effort with several state agencies to resolve these cases. We do not expect this trend to continue to the same extent in FY 09/10. These FCR claims are the most expensive type of claim we adjust and we will continue to focus on these claims and ways to reduce the average claim cost. Even though we have minimal control over this measure, we have a strong interest in doing what we can to reduce this average. Although we have been requesting a more realistic standard for years, the approved standard is stuck on \$37,000 which is not realistic. We again request a standard of \$44,226 for FY 10/11 as it appears \$37,000 has already been approved for FY 09/10.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100

**Measure:** Number of Workers' Compensation Claims Worked

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
25,500	22,088	3,412	13%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** This measure is the sum of the number of new claims reported during the fiscal year plus the number of prior year claims with at least one payment. The number of new claims per fiscal year has been decreasing since FY 1995/1996. We have requested the standard for FY 2010/2011 be reduced to 22,000.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** We requested the approved standard for FY 2008/2009 be revised to 22,000 but it was not changed. The actual result for FY 2008/2009 is within one-half of one percent of the revised approved standard. We have continued to request that the standard be reduced to 22,000.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** State Property and Casualty Claims  
**Service/Budget Entity:** Self-Insured Claims Adjustment/43400100  
**Measure:** Number of Workers' Compensation Claims Assigned for Litigation During the Current Fiscal Year

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
500	465	35	7%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** Fewer litigated workers' compensation claims is a positive for our program. Legislative changes to the Florida Workers' Compensation Law in 2003 revising plaintiff attorney fees have lowered the number of litigated claims on claims with a date of accident after 9/30/2003. The 1<sup>st</sup> DCA decision in the Mariner case (November 2008) will increase litigation on dates of accident through 6/30/2009. Recent legislative changes addressed the Mariner decision and attorney fees will again be primarily based on a percentage of benefits obtained on dates of accident on or after July 1, 2009.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Prior to the Mariner decision we requested revision of the standard to 421 for FY 2010/2011.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percent of appraised value of assets liquidated for real property

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	0%	UNDER	90%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

NOT APPLICABLE

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The actual performance result of 0% is misleading in that no real property was sold during FY 2008-2009. The Division had only 3 real property parcels for sale. Primarily due to the failing economy/real estate market, these parcels failed to sell during the fiscal year. Thus, the Division has not failed to achieve the standard.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Since the performance measurement results primarily resulted from the failing economy/real estate market, no management efforts were deemed necessary to correct the difference. The Division will continue to market any real property held as an asset in any of the receivership estates.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Number of Applications for licensure processed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**JUSTIFICATION FOR DELETION:** This measure only captures the number of applications for licensure this bureau processes, which is out of our control. This measure does not reflect how effective and efficient we are in processing these applications. We feel that by deleting this measure and using our newly proposed measures we can better capture the performance assessment of our outcome measures.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Number of Appointment Actions Processed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**JUSTIFICATION FOR DELETION:** This measure only captures the number of appointment actions (new appointments, terminations/cancellation of appointments, renewal of appointments) requested by the entity. The requests are out of this bureau's control. This is a measure of our workload not the effectiveness. We feel that by deleting this measure and using our newly proposed measures we can better capture the performance assessment of our outcome measures.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Number of Applicants and Licensees required to comply with education requirements

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**JUSTIFICATION FOR DELETION:** This measure only captures the number of licensees who must comply with continuing education, which is out of the control of this bureau. By deleting this measure and using our newly proposed measures we can better capture the performance assessment of our outcome measures.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Number of examinations administered and licenses authorized

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**JUSTIFICATION FOR DELETION:** This measure only captures the number of examinations this bureau administers and the licenses authorized, which are out of our control. We feel that by deleting this measure and using our newly proposed measures we can better capture the performance assessment of our outcome measures.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Number of Agent and Agency Investigations Completed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,800	4,165	Over	231%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**JUSTIFICATION FOR DELETION:** This measure only captures the number of investigations completed. The data does not provide any substantial information regarding quality of investigations or other areas of needed improvement. By deleting this measure and using our newly proposed measures we can better capture the performance assessment of our outcome measures.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Number of Agent and Agency Investigations Opened

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,999	3,882	Over	191%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**JUSTIFICATION FOR DELETION:** This measure only captures the number of Investigations opened. By deleting this measure and using our newly proposed measures we can better capture the performance assessment of our outcome measures.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of Investigative Actions Resulting in Administrative Action against Agents

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
35%	53%	Over	18%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity                             |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training                          |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (No control over outcome) |

**Explanation:** The Bureau submitted over 1500 cases for possible administrative action this past fiscal year (2008-2009), with over 700 agents or entities being formally disciplined. The number of agent or entities disciplined does not give a true representation of the bureau's workload due to the fact that some of the subjects disciplined were submitted for possible administrative action in the prior fiscal year. The bureau has no control over when administrative action will be taken as that is a function of the Division of Legal Services.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems                     |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster                           |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (No control over outcome) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** This Bureau can not completely control the outcome of this measure due to the fact that another Division is involved with processing the legal files and issuing the administrative orders.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services and Chief Financial Officer  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Insurance Fraud/43500300  
**Measure:** Dollar Amount of restitution ordered by the court as a percent of the amount recommended by the Department for fraud investigations, by year ordered

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
70%	53%		-17%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors               | <input type="checkbox"/> Staff Capacity              |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** *Ordered restitution is at the discretion of the court system; the Division of Insurance Fraud solely makes recommendations, which are based on case facts. Competing priorities include accreditation processes, redirection of investigative resources to specific concentrated crime types.*

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** *The current state of the economy has impacted the court's resources, thereby impacting restitution returns. Determinations are frequently based on viability of returns, of which the economy has negatively impacted.*

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

*Proactive and intelligence led policing strategies via analytical resources strengthening.*



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percent of consumer activities that result in quality service and consumer satisfaction

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	74%	(16%)	16

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The approved standard is understandably difficult to reach due to the combination of two outcome measures. This request deletes the combination of outcomes

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

Seven years ago the Department initiated a process to measure consumer satisfaction in an effort to better serve Florida citizens. To ensure proper measures were developed, the department selected an outside vendor with expertise in this area. Programmers working with the contractor developed survey input and data reporting tools to evaluate results from consumer surveys. A recent evaluation of the data revealed inconsistencies in the survey outcomes. Initially a satisfaction rating of 88% was reported. Using the 88% outcome, a performance standard of 90% was established. The actual historic average of all years has been 65%. The Division requested revising the standard to

reflect a true benchmark. This measure represents two different activities performed by staff that requires two different types of measurements. Quality of service reflects two different types of measurements. Quality of service reflects the department's ability to correctly identify the consumer's issue, take appropriate action within a specified period, document activities and advise the consumer promptly of the outcome. These activities are monitored and documented with routine audits. Consumer satisfaction measures the department's ability to meet the consumer's expectation of service and outcome for requests for assistance. Due to the different types of activities and processes for measuring these activities, this performance measure will be split into two separate Performance Measures: 1) Percentage of consumer activities that result in quality service (audit activity). 2) Percentage of consumers satisfied with the level of service provided (consumer satisfaction survey).

**Management Efforts to Address Differences/Problems** (check all that apply):

Training

Technology

Personnel

Other (Identify)

**Recommendations:**

Recommend this measure be deleted

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Number of Consumer education materials created and distributed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
581,880	67,877	514,003	89%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input checked="" type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** This Performance Measure shows how many educational materials have been printed and distributed to Florida citizens. Due to quiet 2007 and 2008 storm seasons, the department was not required to print and distribute additional consumer guides, information pamphlets and other materials to assist hurricane victims. The above standards represent 2007 publication distribution at the time of the original request to delete this measurement. During 2008, distribution numbers increased slightly to 111,000 due to the lack of inventory on essential publications such as annuities targeted at saving our seniors and homeowners buyers guide which included several statutory amendments. All of our publications, helpline messages and web information advise consumers that the department makes all of our publications available on our web site where consumers can download and read at their convenience. This has reduced printing costs and the demand for printed copies which further illustrates the need to delete this measure.

**Management Efforts to Address Differences/Problems** (check all that apply):

Training

Technology

Personnel

Other (Identify)

**Recommendations:**

Performance Measure deletion is requested



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Consumer Assistance/43500400  
**Measure:** Number of consumer requests and information inquiries handled

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
66,540	58,443	(8107)	14%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

This Performance Measure shows how many consumer requests for assistance and requests for information are received and responded to during the fiscal year. The division requested to delete this measure during the 2008/09 fiscal year. This Performance Measure does not quantify performance by the agency but merely shows an output measure. The output measures that appear in standards and measurement table above reflects the output during the 2007/2008 fiscal year. The 2008/2009 actual performance amount is reflected in the LRPP Exhibit II filing and continues to represent consumer service request activities for general insurance product information, complaints, requests for insurance educational material and mitigation information provided pertaining to the My Safe Florida Home Program.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Performance Measure deletion is requested.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of establishments and cemeteries inspected per fiscal year

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	100%	N/A	0

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)          |

**Explanation:**

N/A

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

N/A

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

N/A

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services(43500500

Measure: Percentage of Financial Examinations with deficit findings that result in deficits being corrected, initiation of an investigation or disciplinary action being taken against the licensee.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	82.73%	Under	17.27%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors               | <input checked="" type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)          |

**Explanation:** Competing priorities and staff capacity remain as challenges to achieving the approved standard.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Training | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel           | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division management will continue to manage and improve performance standards through training of staff and improvement in overall operations of the unit.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of Cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records, initiation of an investigation or disciplinary action being taken against the cemetery.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	91.89%	Under	8.11%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors               | <input checked="" type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)          |

**Explanation:** Competing priorities and staff capacity remain as challenges to achieving the approved standard.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Training | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel           | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division management will continue to manage and improve performance standards through training of staff and improvement in overall operations of the unit.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/(43500500

**Measure:** Percentage of Funeral Establishment inspections with health and safety findings that resulted in corrective action, initiation of an investigation or disciplinary action being taken against the establishment.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	89.84%	Under	10.16%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors               | <input checked="" type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)          |

**Explanation:** Competing priorities and staff capacity remain as challenges to achieving the approved standard.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** N/A

**Management Efforts to Address Differences/Problems** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Training | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel           | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division management will continue to manage and improve performance standards through training of staff and improvement in overall operations of the unit.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Percent of First Indemnity Payments Made Timely

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	93%	+3%	3%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Percent of Injured workers returning to work at 80% or more of previous average quarterly wage during the four-quarter period following the quarter of injury.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
65%			

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Resources Unavailable                    | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

This measure should be deleted from the Division of Workers' Compensation. The Department of Education, Division of Vocational Rehabilitation is responsible for providing retraining and return-to-work services.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Number of Claims Files Reviewed Annually

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
59,000	81,893	+22,893	38.8%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** See Exhibit IV. We are requesting a change in the standard to reflect a more realistic estimate. With the CPS, we now review 100% of all reported First Report of Injury Reports.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Number of Employer Investigations Conducted

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
55,000	29,166	(25,834)	(47%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

Due to the increase in the number of complex cases during FY 2007/2008, the Division anticipated a decrease in the actual performance results. A request to modify the standard for FY 2008/2009 was submitted; however the request was not approved. The Division will submit another request to modify the standard for FY 2010/2011. The actual performance results for FY 2008/2009 meet the requested modified standard.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Resources Unavailable                    | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

In addition, the Division does not have enough Investigators to meet the approved standard (55,000).

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** ~~Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office~~ Number of disputes resolved for injured workers by the Employee Assistance Office

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
6,000	1,981	(4,019)	(66.9%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input checked="" type="checkbox"/> Target Population Change                 | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

The current LRPP Performance Measurement was developed to gauge the Employee Assistance and Ombudsman Office's performance for the workers' compensation laws that were in effect prior to July 1, 2002. Prior to that date injured workers' seeking access to the hearing process were first required to file a formal written "Request for Assistance" with EAO. This mandatory submission of the Request for Assistance funneled an estimated 120,000 Requests for Assistance into EAO annually. Statutory changes in 2002 made the Request for Assistance voluntary. Injured workers who choose to move ahead by filing their petitions for hearings with the Judges of Compensation Claims are now allowed to do so without first filing a Request for Assistance with EAO. This reform substantially reduced the number of Requests for Assistance currently received by EAO.

The 2002 reform established a voluntary process whereby injured workers utilize EAO's education and dispute resolution processes. Although the reform substantively reduced the number of formal written Requests for Assistance received by EAO, it created a vital opportunity for EAO to move away from a mandatory process that was extraordinarily bureaucratic in nature. EAO is now able to aggressively work with injured workers, insurers, employers and claims administrators in an effort to resolve workers' compensation claims disputes.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

We are requesting that this performance measure be revised to the following:

**Number of disputes resolved for injured workers by the Employee Assistance Office.**

**Revised Performance Standard: 2,600.**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Percentage of injured workers verbally contacted by an Employee Assistance Office representative

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
35%	63%	+28%	+28%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The increased performance percentage is due to the results of establishing a team structure to thoroughly focus on specific statutory responsibilities. This new approach allows the Employee Assistance and Ombudsman Office (EAO) to contact a greater percentage of injured workers and ultimately provide more assistance.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of reimbursement requests (SDF-2) audited

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,200	3,727	(1,473)	(28.33%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Personnel Factors    | <input checked="" type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)          |

**Explanation:** Staff capacity was reduced by one FTE when a vacancy was eliminated and the implementation of a data verification audit shifted resources away from SDF-2 audits.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Training             | <input type="checkbox"/> Technology                  |
| <input checked="" type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** An existing non-auditing vacancy is the subject of a pending appointment recommendation. Upon hiring, the position will be used full-time to supplement auditing capacity.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Number of reimbursement requests (SDF-2) paid

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
6,500	2,002	(4,498)	(69.20%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training           |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The standard was unchanged from prior years when there was insufficient revenue/spending authority to make all payments that had been approved. In March 2008, the backlog of approved reimbursements awaiting payment was eliminated. In total, there were far fewer payments possible than the standard states. The SDTF expects to never again have the capacity to meet the number of payments the standard demands. The standard should be revised downward as illustrated in Exhibit II, for all subsequent fiscal years.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The program has a fiduciary duty to pay the maximum number of reimbursements possible within the approved spending authority. In the current and future fiscal years, the number paid will be limited by the number of reimbursements approved during the year. The recent history of the SDTF shows that the stated standard is inaccurately high. The most effective response will be to provide accurate performance standard recommendations.

# Department of Financial Services

## Performance Measure Validity and Reliability – LRPP Exhibit IV

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Legal Services/43010200

**Measure:** Percent of closed files involving allegations of statutory violation that were successfully prosecuted

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Legal Services receives a variety of requests for legal assistance, including responding to requests for legal counsel on issues of statutory interpretation, prosecuting licensees for statutory violations, rulemaking, and a variety of other areas.

At the time of assignment to an attorney for handling, each request for legal assistance, including all requests for assistance concerning suspected violations of statutory or rule requirements, is entered into the Legal tracking system, a computer software system which tracks the case activities, progress and the ultimate disposition of all assignments.

The tracking system has a variety of data fields that enable management to identify the number of assignments made and the nature and final disposition of each assignment and to monitor the assigned attorney's handling of the assignment.

The tracking system can be used to determine the current status of each assignment, and is capable of generating reports providing relevant information.

### **Validity:**

The Department of Financial Services is responsible for the administration and enforcement of the statutes and administrative rules within its areas of responsibility (Section 8 Article II, Section 4 Article IV and Section 15 Article V of the State Constitution; Titles VI, VII and VIII: Chapters 11, 17, 20, 27, 48.151, 110, 112, 119, 120, 175, 185, 215, 216, 218, 219, 255, 270, 272,280, 284, 287, 288, 440, 454, 494, 497, 516, 517, 520, 537, 559, 560, 607, 617, 620, 624-628, 630-634, 641, 642, 648, 651, 660, 665, 687, 716, 717, 768.28, 907 F.S.)

The percentage of statutory violations that result in discipline or corrective action will provide an indication of the effectiveness of the Department and of Legal Services in carrying out its statutory responsibilities.

**Reliability:**

It is recognized that not all instances of statutory violation of laws and rules will result in corrective action or discipline. For example, a violation may have occurred, but insufficient facts are available to meet the agency's burden of proof in establishing a violation. In other instances a violation may have occurred, but imposing discipline or requiring corrective action may not be necessary or warranted.

However, it is anticipated that due to the large volume of violations referred to Legal Services each year, the number of cases where disciplinary or corrective action is unnecessary or unwarranted as a percentage of the total number of violations received will be relatively low. Consequently, the percentage of violations referred for legal assistance which result in the imposition of discipline or implementation of corrective action will provide a reliable indication as to the effectiveness of Legal Services.

With respect to the reliability of the data, at the time each assignment is closed, an individual other than the assigned attorney is responsible for completing the final disposition data fields. Consequently, the individual assigned cannot improperly affect the data, which indicates that a violation referred to Legal Services resulted in disciplinary or corrective action.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Percent of customers who returned a customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

DIS is requesting that the approved standard increase to 95% based on the automated survey results. The previous standard of 85% was based on an estimate by DIS.

DIS developed and automated customer surveys from the Remedy Helpdesk software application. Surveys are sent via email to resolved helpdesk calls and results are recorded. The automated calculation is based upon the number of surveys returned and completed.

### **Validity:**

The customer satisfaction survey rating scale is from one through five (1-5). DIS goal is to earn a rating of four (4) or better.

Scale spectrum:

- 1 – Poor
- 2 – Fair
- 3 – Satisfactory
- 4 - Very Good
- 5 – Excellent

### **Reliability:**

Data for this measure is provided on a quarterly basis. Data was retrieved from DFS Digital Dashboard.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Information Technology Costs as a Percent of Total Agency Cost

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

Information technology cost represents approximately 6.8% of DFS total budget. The agency total budget is \$271,460,277 and DIS costs are \$18,555,707. Data was retrieved from DFS budget office.

**Validity:**

The purpose of this measure is to determine what percentage of total agency costs are allocated to information technology. DIS believes the methodology used to calculate this measure is appropriate for the measure's intended purpose.

**Reliability:**

Data for this measure is provided on a quarterly basis from the DFS budget office.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Information Technology Positions as a Percent of Total Agency Positions

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

FTEs:

DFS: 2,851

DIS: 141

Based on the calculation formula (141 divided by 2851), information technology positions account for 4.50% of the total agency positions.

### Validity:

The purpose of this measure is to determine what percentage of total agency positions are allocated to information technology positions. DIS believes the methodology used to calculate this measure is appropriate for the measure's intended purpose.

### Reliability:

Data for this measure is provided to DIS by the agency's budget office.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** System design and programming hourly cost

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

DIS identified all resources including programmers, supervisors, and bureau chiefs that participate in system design and programming for the Bureau of Insurance Applications and the Bureau of Financial Applications. DIS is not relying on external contractors and vendors which generally charge more per hourly rate.

DIS hourly rate is almost half the approved standard because DIS is relying on state employees for system design and programming and less IT services from 3<sup>rd</sup> party contractors.

### **Validity:**

The purpose of this measure is to determine system design and programming hourly cost. DIS believes the methodology used to calculate this measure is appropriate for the measure's intended purpose.

### **Reliability:**

DIS seeks to provide exceptional service to its customers.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Percent of scheduled hours computer and network are available

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

To determine the percent of scheduled hours computer and network is available, DIS made the following manual calculations. This year mainframe percentages were separated by Non-FLAIR applications.

Mainframe: 99.97% Non-FLAIR applications

*Note: Unscheduled downtime was factored in the calculations.*

### **Validity:**

Until DIS acquires software monitoring tools, data provided for this performance measure will be manually calculated.

### **Reliability:**

Current results are the product of manually recording and calculating computer and network availability hours and subtracting the amount of unscheduled "downtime" hours. DIS must purchase software monitoring tools that will provide a reliable method of collecting information and calculating the results.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Information Technology/43010300

**Measure:** Percent of scheduled services completed timely

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

For FY2008-2009, a total of 42,870 helpdesk tickets were logged. DIS met the metric goal for 38,431 helpdesk tickets. Based on the calculation formula (42,870 divided by 32,431), 90% of scheduled services were completed timely.

### **Validity:**

The purpose of this measure is to determine what percentage of scheduled services completely timely. DIS believes the methodology used to calculate this measure is appropriate for the measure's intended purpose.

### **Reliability:**

The Remedy Helpdesk creates helpdesk tickets based on users request for IT services.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology- FLAIR Infrastructure /43010500

Measure: Percent of scheduled hours computer and network are available

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

To determine the percent of scheduled hours computer and network is available, DIS made the following manual calculations. This year mainframe percentages were separated by FLAIR applications for the new FLAIR budget entity.

Mainframe: 99.99% FLAIR applications

*Note: Unscheduled downtime was factored in the calculations.*

### Validity:

Until DIS acquires software monitoring tools, data provided for this performance measure will be manually calculated.

### Reliability:

Current results are the product of manually recording and calculating computer and network availability hours and subtracting the amount of unscheduled "downtime" hours. DIS must purchase software monitoring tools that will provide a reliable method of collecting information and calculating the results.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Treasury

Service/Budget Entity: Supplemental Retirement Plan/43100400

Measure: Number of new participants in the State Deferred Compensation Plan over the previous year.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Section 112.215, F.S., designates the Bureau of Deferred Compensation (BODC) is responsible for administering the Internal Revenue Code 457 Plan. The BODC must make available to all state employees the most secure, well diversified and proficiently administered voluntary supplemental retirement plan available under Section 457 of the Internal Revenue Code.

Individuals qualified to participate in the State Deferred Compensation Plan are employees who are appointed, elected, or under contract, providing services to the State of Florida for which compensation or statutory fees are paid. This definition includes employees paid from regularly appropriated funds. The number of new accounts in the Plan in this measure is for state employees (not including OPS or university employees).

The number of new accounts in the Deferred Compensation Plan is reported by the Deferred Compensation Records Keeper.

**Validity:** This measure is the number of new accounts added to the program minus any distribution or closing of accounts. The number of new accounts is an indicator of the effectiveness of the Plan's goal. Assist state employees in achieving financial security in their retirement years.

**Reliability:** The State has a contract with an outside recordkeeping vendor. SUNGARD of Birmingham, Alabama was awarded the contract in 2005, due to a competitive bid process.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Treasury

Service/Budget Entity: Supplemental Retirement Plan/43100400

Measure: Percentage increase in deferred compensation contribution over the previous year.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

Section 112.215, F.S., designates the Bureau of Deferred Compensation (BODC) is responsible for administering the Internal Revenue Code 457 Plan. The BODC must make available to all state employees the most secure, well diversified and proficiently administered voluntary supplemental retirement plan available under Section 457 of the Internal Revenue Code.

Individuals qualified to participate in the State Deferred Compensation Plan are employees, who are appointed, elected, or under contract, providing services to the State of Florida for which compensation or statutory fees are paid. This definition includes employees paid from regularly appropriated funds. The total deferrals in the Plan in this measure are calculated for state employees (not including OPS or university employees).

The total of participant deferrals in the Deferred Compensation Plan is reported by the Deferred Compensation Records Keeper. The total of special contributions is separately tabulated by BODC staff on a unique database.

**Validity:** This measure is the increase in the participant's average contributions to the Deferred Compensation program. The increase in participant's contributions is an indicator of the effectiveness of the Plan's goal. Assist state employees in achieving financial security in their retirement years.

**Reliability:** The State has a contract with an outside recordkeeping vendor. SUNGARD of Birmingham, Alabama was awarded the contract in 2005, due to a competitive bid process.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: Requesting Change in Title Only - Percent of Vendor payments issued electronically – **Revise To** – Percent of vendor payments issued via electronic funds transfer (EFT)

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: Requesting Change in Title Only - Percent of Payroll payments issued electronically – Revise To – Percent of Payroll payments issued via electronic funds transfer (EFT)

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: Requesting Change in Title Only - Percent of retirement payments issued electronically – Revise To – Percent of retirement payments issued via electronic funds transfer (EFT)

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100

**Measure:** Number of Post Audits Completed – **Revise To** – Number of Post Audits & Management Reviews Completed

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The Bureau of Auditing will maintain an annual plan for conducting Post Audits & Management Reviews. Each month posted expenditures will be monitored and analyzed and the Plan will be adjusted based on analytical procedures. Each month the Bureau will report the progress.

### **Validity:**

Post Audits and Management Reviews are a major component of the Bureau's strategy to improve internal controls over payment processing. This activity along with pre-audits and training provides the tools needed to give reasonable assurance that the payment processes are functioning as intended.

### **Reliability:**

This measure is a straightforward means of reporting the effort the CFO brings to bear to assure financial accountability for State funds.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100

**Measure:** Number of Clerk of Circuit Court financial reviews conducted

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The Bureau of Local Government has been given audit responsibility to ensure compliance from each of the Clerk of Circuit Courts in the 67 counties of the State of Florida.

### **Validity:**

This activity is performed to ensure that fines, fees, service charges and costs, remitted to the State are properly collected and accounted for as governed in sections 28.35, 28.36 and 28.37 of Florida Statute.

### **Reliability:**

This measure is straightforward and readily available and the measure can be consistently applied over a two year period to assure financial accountability for state funds collected by the Clerk of Circuit Courts.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100

**Measure:** Percentage of compliance with the Statewide Financial Statements Compliance Checklist

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Agencies are required to submit financial information to the Department of Financial Services in accordance with generally accepted accounting principles (GAAP) to support the preparation of the state's Comprehensive Annual Financial Report (CAFR) pursuant to Section 216.102, Florida Statutes. A Statewide Financial Statements Compliance Checklist is issued to the agencies annually to facilitate the CAFR preparation process. This checklist contains key procedures that must be completed in order to ensure that year-end financial reporting is in conformance with GAAP. As the CAFR is compiled, the Statewide Financial Reporting Section (SFRS) within the Bureau of Accounting evaluates each agency on its compliance with this checklist. The checklist is available at the SFRS website:

[http://www.myfloridacfo.com/aadir/statewide\\_financial\\_reporting/cafr.htm](http://www.myfloridacfo.com/aadir/statewide_financial_reporting/cafr.htm).

Each agency submits a completed checklist certified by the agency's chief fiscal officer annually. For each item on the checklist, the agency must check either "yes", "no", or "not applicable" to compliance. Explanation for "no" responses is required. Upon receipt of the agency's checklist, the SFRS validates each item using queries, reports, and analytical procedures. An Agency's compliance percentage is calculated by dividing the number of "yes" responses by the number of applicable responses for the agency. The Statewide Financial Statement Compliance is determined by calculating the overall average of all State Agency's compliance percentage.

### **Validity:**

Calculations for checklist items are based on criteria set by the SFRS with timeliness, accuracy, and reasonableness being considered. Many of the items are measured using system-generated reports produced at an agencies' closing that contain year-end balances. Other computations are accomplished by

comparison of agency-provided balances and information to actual data provided from other sources (e.g., investment balances provided by the State Treasury). Compliance results are reviewed by SFRS management to ensure proper support is documented.

**Reliability:**

This checklist is completed by each agency annually for CAFR preparation. Items on the checklist stay consistent from year to year with potential minor changes. Changes are timely communicated to agencies. Prior year compliance percentage for each agency is maintained for evaluating improvement. Compliance results are properly supported and are generally reliable.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public funds

**Service/Budget Entity:** State Financial Information and State Agency Accounting/43200100

**Measure:** Percentage of warrants outstanding at 3 months that are stale dated after 12 months.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Two tables were built in the Information Warehouse. The first table contains the counts and total dollar amounts of outstanding warrants and is read at the three month mark. A second table contains the counts and total dollars for outstanding warrants and cancelled warrants at the twelve month mark, the point in time in which they become stale dated. The number of warrants still outstanding at twelve months is divided by the number of warrants that were outstanding at three months to determine how effective each agency was in working the outstanding warrant report. Agency comparisons were made by looking at the two tables and using the same OLO.

Improvement in this measure will be evidenced by a decrease in the percentage of warrants outstanding at 3 months that are stale-dated after 12 months.

### **Validity:**

All data in the information Warehouse is reconciled to the production system that originally provided the data.

### **Reliability:**

Processes to build totals for the measure are automated through our production environment. These processes were tested before implemented and continue to be monitored for reliability and accuracy



## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/  
43200200

**Measure:** Percent of the total dollar amount of claims paid to the owner this fiscal year as a percent of the total dollars in returnable accounts reported/received in the prior fiscal year. (Claims paid as a percent of all dollars in accounts received).

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Unclaimed Property Management of Information System (UPMIS) database was designed to collect, compile, and report unclaimed property data on Property Reporting, Cash Property Management, Securities Property Management, Tangible Property Management, and Property Claims in Florida. It also provides information on an unclaimed asset as it is maintained in its various stages through the UPMIS system.

### **Validity:**

This measure will provide a valid percentage of total dollar amount of claims paid to the owner this fiscal year as a percent of the total dollar amount of returnable accounts reported/received last fiscal year. The measure previously read "Percent of the total dollar amount of claims paid to the owner as a percent of the total dollars in returnable accounts reported/received." The annual reporting deadline is April 30<sup>th</sup>. Many of these reports are not loaded until after the fiscal year ends on June 30<sup>th</sup>. As a result, the majority of the total dollar amount in claims paid during a fiscal year is from funds that were received in prior fiscal years. We feel that this measure would be more meaningful if we compared the total dollar amount claims paid during the present fiscal year to the dollars in returnable accounts received during the previous fiscal year.

### **Reliability:**

The unclaimed property data is maintained on the Unclaimed Property database and the Department's Division of Information Systems supports it.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/  
43200200

**Measure:** Percent of the total number of claims paid to the owner this fiscal year as a percent of the number of returnable accounts reported/received in the prior fiscal year. (Number of claims paid as a percent of all accounts).

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Unclaimed Property Management of Information System (UPMIS) database was designed to collect, compile, and report unclaimed property data on Property Reporting, Cash Property Management, Securities Property Management, Tangible Property Management, and Property Claims in Florida. It also provides information on an unclaimed asset as it is maintained in its various stages through the UPMIS system.

### **Validity:**

This measure will provide a valid percentage of total number of claims paid to the owner this fiscal year as a percent of the total number of returnable accounts reported/received last fiscal year. The measure previously read "Percent of the total number of claims paid to the owner as a percent of the total number in returnable accounts reported/received." The annual reporting deadline is April 30<sup>th</sup>. Many of these reports are not loaded until after the fiscal year ends on June 30<sup>th</sup>. As a result, the majority of the total number of claims paid during a fiscal year is from accounts that were received in prior fiscal years. We feel that this measure would be more meaningful if we compared the total number of claims paid during the present fiscal year to the number of returnable accounts received during the previous fiscal year.

### **Reliability:**

The unclaimed property data is maintained on the Unclaimed Property database and the Department's Division of Information Systems supports it.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percent of claims paid processed within 90 45 days from date received.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Unclaimed Property Management of Information System (UPMIS) database was designed to collect, compile, and report unclaimed property data on Property Reporting, Cash Property Management, Securities Property Management, Tangible Property Management, and Property Claims in Florida. It also provides information on an unclaimed asset as it is maintained in its various stages through the UPMIS system.

**Validity:**

This measure will provide a valid percentage of claims processed within 45 days of being received. This is a customer service issue and the measure should only be used to ensure the program is providing an adequate level of service. The measure previously read "Percent of claims paid within 90 days from date received". The Bureau does not pay every claim that is received. Not every claim that is received and eventually paid comes into the Bureau with all the required documentation to support the claim. Bureau staff spends significant time and resources researching claims that may never be paid. We think it's important to capture data for this measure for claims processed, or worked, rather than claims paid.

**Reliability:**

The unclaimed property data is maintained on the Unclaimed Property database and the Department's Division of Information Systems supports it.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percent of increase in the number of holders reporting unclaimed property this fiscal year compared to the number of holders reporting last fiscal year.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Unclaimed Property Management of Information System (UPMIS) database was designed to collect, compile and report unclaimed property data on Property Reporting, Cash Property Management, Securities Property Management, Tangible Property Management and Property Claims in Florida. It also provides information on an unclaimed asset as it is maintained in its various stages through the UPMIS system.

**Validity:** The measure will provide a valid percentage of holders reporting unclaimed property this fiscal year compared to the number of holders reporting last year. It is our goal to increase compliance within the business community by conducting more statewide education seminars and performing more compliance examinations throughout the state. We hope to increase the number of holders reporting unclaimed property by 10% each year. The outcome would be that the State School Fund receives additional funds as a result of increased compliance by the business community. The data used for this measure is already captured internally.

**Reliability:** The unclaimed property data is maintained on the Unclaimed Property database and the Department's Division of Information Systems supports it.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement /43300200

Measure: Percent of mandated regulatory inspections completed

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Fire Protection Specialists work out of field offices around the state where they keep files on companies who are licensed as fire equipment dealers and companies that have permits to operate construction materials mining sites. The state statutes require their facilities to be inspected at regular intervals and before the issuance of an original license. The inspections are articulated in a number of categories: pre-license, annual and mobile. Fire Protection Specialists record the number of inspections completed in each day on Regulatory Licensing Inspection report forms which are submitted monthly to the Tallahassee office. The Fire Protection Specialist Supervisor hand tallies the various inspection columns on these report forms for each of the Fire Protection Specialists on a monthly basis, which constitutes the number of regulatory inspections completed. The values for the current year are then divided by the standard to determine the percent of regulatory inspections completed during the year as it compares to the standard.

**Validity:** The number of regulatory inspections completed accurately reflects the actual work accomplished by the FPS. This figure can then be used in helping determine workload, schedules and analyses of the efficiency of this section.

The number of regulatory inspections there will be completed during any given year is variable. The number of mandated regulatory inspections in this measure is based upon the total activity for the previous year, which could increase or be reduced based on licensing fluctuation within the industry. Regulatory inspections are conducted periodically upon renewal of certain industries' licenses and upon new applications for licensure.

**Reliability:** Data for this measure is recorded in a consistent manner on the Regulatory Licensing Inspection Report forms, which are tabulated by hand.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement /43300200

**Measure:** Number of high hazard inspections completed

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The list of the state owned properties inspected is updated regularly from the Florida Plans Review and Inspection System (PRIS) database. This system keeps track of the assigned Fire Protection Specialist (FPS) and the inspection history.

The FPS conduct inspections in the field and enter the data into PRIS. The criterion for a high hazard inspection is once per fiscal year as set by the statute. High hazard buildings are defined as those containing hazardous materials dangerous to the safety of life or property; educational occupancies; residential occupancies, excluding private dwellings; and buildings containing three or more floor levels. Each inspection is given a unique inspection number that is recorded in the PRIS database. A completed building inspection involves a physical review of the facilities including all spaces enclosed within the perimeter walls, its site conditions, and any of its adjacent auxiliary facilities.

Upon completion, an inspection report is written, input into the PRIS database, and submitted to the head of the state agency responsible for the building. If a re-inspection were necessary, the re-inspection would not be counted as a second inspection for this measure.

**Validity:** The complexity of each inspection will vary from a small toll booth with minimal required fire protection systems to a high hazard structure such as a multi story dormitory or a high rise office tower with a complex set of interrelated fire protection systems. Each inspection is counted as a single building inspection when completed. The inspections completed are measured against the date of each inspection to determine if they were completed within the statutory required time frame.

**Reliability:** Data for this measure is extracted from PRIS on a monthly basis for periodic reporting and compiled into the quarterly and subsequently the annual reporting of this measure. The data is extracted through various reports to ensure consistency in reporting the results of this measure. Periodic reliability screenings are conducted with reports selected based on specific date ranges to validate the values produced.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of construction inspections completed

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The list of the state owned properties inspected is updated regularly from the Florida Plans Review and Inspection System (PRIS). This system keeps track of which buildings have been inspected, the exact deficiencies, the assigned Fire Protection Specialist (FPS) and the date of the inspection.

The FPS conduct inspections in the field and enter the data into PRIS. Each inspection is given a unique inspection number that is recorded in the PRIS database. A completed construction inspection involves a physical review of the facilities including all spaces enclosed within the perimeter walls, its site conditions, and any of its adjacent auxiliary facilities.

Upon completion, an inspection report is written, input into the PRIS database, and submitted to the head of the state agency responsible for the building. If a re-inspection were necessary, the re-inspection would not be counted as a second inspection for this measure.

**Validity:** The complexity of each construction inspection will vary from a small toll booth with minimal required fire protection systems to a high hazard structure such as a multi story dormitory or a high rise office tower with a complex set of interrelated fire protection systems. Each inspection is counted as a single building inspection when completed.

**Reliability:** Data for this measure is extracted from PRIS on a monthly basis for periodic reporting and compiled into the quarterly and subsequently the annual reporting of this measure. The data is extracted through various reports to ensure consistency in reporting the results of this measure. Periodic reliability screenings are conducted with reports selected based on specific date ranges to validate the values produced.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement /43300200

**Measure:** Number of mandated regulatory inspections completed

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Fire Protection Specialists work out of field offices around the state where they keep files on companies who are licensed as fire equipment dealers and companies that have permits to operate construction materials mining sites. The state statutes require their facilities to be inspected at regular intervals and before the issuance of an original license. The inspections are articulated in a number of categories: pre-license, annual and mobile. Fire Protection Specialists record the number of inspections completed in each day on Regulatory Licensing Inspection report forms which are submitted monthly to the Tallahassee office. The Fire Protection Specialist Supervisor hand tallies the various inspection columns on these report forms for each of the Fire Protection Specialists on a monthly basis, which constitutes the number of regulatory inspections completed.

### **Validity:**

The number of regulatory inspections completed accurately reflects the actual work accomplished by the FPS. This figure can then be used in helping determine workload, schedules and analysis of the efficiency of this section.

The number of regulatory inspections there will be at the beginning of a year is variable. The number of mandated regulatory inspections in the standard for this measure is based upon the total activity for the previous year, which could increase or be reduced based on licensing fluctuation within the industry. Regulatory inspections are conducted periodically upon renewal of certain industries' licenses and upon new applications for licensure.

### **Reliability:**

Data for this measure is recorded in a consistent manner on the Regulatory Licensing Inspection Report forms, which are tabulated by hand.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Percent of fire code inspections completed within statutory defined time frames

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The list of state-owned properties required to be inspected is regularly updated in the Florida Plans Review and Inspection System (PRIS) including the inspection history and the fire protection specialist (FPS) assigned to the building. The state is divided into six regions based on geographical area and the number of required inspections. A comprehensive inspection includes a physical review of the building, performance tests of its required fire protection systems, and site conditions. The FPS conducts each field inspection in accordance with the frequency established by statute and enters the summary results into PRIS. A sufficient number of re-inspections are conducted to ensure that all identified deficiencies are corrected.

**Validity:** The complexity of each inspection will vary from a small toll booth with minimal required fire protection systems to a high hazard structure such as a multi story dormitory or a high rise office tower with a complex set of interrelated fire protection systems. Each inspection is counted as a single building inspection when completed. The inspections completed are measured against the date of each inspection to determine if they were completed within the statutory required time frame. The total number of inspections completed within each month is divided by the total number of inspections required for the year. This provides a value as a percentage of the total for each month which should equal 100% by the end of the fiscal year.

**Reliability:** Data for this measure is extracted from PRIS on a monthly basis for periodic reporting and compiled into the quarterly and subsequently the annual reporting of this measure. The data is extracted through various reports to ensure consistency in reporting the results of this measure. Periodic reliability screenings are conducted with reports selected based on specific date ranges to validate the values produced.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance & Enforcement/43300200

**Measure:** Number of boiler inspections completed by Department Inspectors

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The State Fire Marshal is responsible for assuring that all boilers meeting statutory requirements outlined in Chapter 554 of the Florida Statutes are inspected. Deputy boiler inspectors have access to the "FOCUS" Boiler Management System (FOCUS) and can print a list of boilers due for inspection every month from this database.

After completing an inspection, inspectors complete a jurisdictional report. They utilize this report to update FOCUS on a weekly basis.

Department staffing is a critical factor in calculating the number of boiler inspections completed by Department Inspectors. Using a standard of 1,050 inspections per inspector, per year, the requested standard at the current staffing of 4 inspectors is 4,200 inspections per year.

The ability of the insurance companies to perform their required inspections and the ability of the Department to update the FOCUS system to reflect those inspections may affect the amount of inspections conducted by Department inspectors.

### **Validity:**

After completing an inspection, inspectors complete a jurisdictional report which is used to update the FOCUS database on a weekly basis. The number of boiler inspections conducted by deputy boiler inspectors are maintained and recorded in the FOCUS database using periodic updates.

### **Reliability:**

Data for this measure is recorded in a consistent manner on jurisdictional reports and is then manually entered into the FOCUS database. The data in FOCUS is used to determine the number of boiler inspections conducted by the Department's deputy boiler inspectors.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Service

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of entity requests for licenses, permits, and certifications processed within statutorily mandated time frames

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measures the number of applications for licenses, permits, registrations, renewals, and certificates of competency that are received, reviewed and processed within the statutorily mandated time parameters. This would be the number of applications received in which either a license, permit, certificate is issued or a notice of deficiency is sent to the applicant within 30 days of the date of receipt by the State Fire Marshal's Regulatory Licensing Section.

Each of the industries has a statutorily defined licensing and renewal period, each pertaining to a variety of licenses allowing businesses and individuals to work in that industry. When an individual or company requires a license, they contact the State Fire Marshal - Bureau of Fire Prevention, Regulatory Licensing Section to request a license packet or access the department's website to obtain the information via the Internet.

The license, permit, and certificate requests are returned to the State Fire Marshal with fees, photographs, and other required documents to the Department of Financial Services. Fees are processed by the Revenue Processing Section, who deposits the fee and mechanically stamps a receipt number onto the original license application. This receipt number is entered into the accounting database with a code relating to the type of license. The original paper application is then forwarded to the Bureau of Fire Prevention's Regulatory Licensing Section and is entered into the Regulatory Licensing System (RLS).

If an application is complete, correct, and no other statutory or administrative code requirements must be met, the license, permit or certificate is issued and mailed to the applicant. If the application is incomplete, a deficiency letter is mailed to the applicant requesting either corrective action or additional information. If the applicant requires training or examination prior to issuance of a license, permit or certificate, and no other deficiencies exist in the request; the

applicant is provided information related to the training and examination requirements along with examination scheduling information.

All supplemental information is entered into RLS.

Statutory provisions require all applications for license to be processed for deficiencies within 30 days of receipt and all non-deficient applications for license to be granted or denied within 90 days of receipt.

**We request the Standard be increased to 8,000 annually.**

**Validity:** Data for this measure is recorded as applicant detail and taken from each application received. The data is entered into the Regulatory Licensing System (RLS). Data produced provides the following detail:

The number of applications received within a month.

The number of licenses issued by the Regulatory Licensing Staff within a month.

The number of renewals issued within a month.

The number of denials issued within a month.

Baseline data for this measure will fluctuate from fiscal year to fiscal year. Chapter 633, Florida Statutes, provides that the five classifications of fire protection system contractors shall be required to renew their licenses on a two year cycle. Fire Equipment Dealers and Permit holders renew their authorities on a two year cycle as well.

**Reliability:** Section staff relies on reports produced by staff with assistance by DIS staff by running queries against the RLS database to produce statistical data.

In producing baseline data, the Regulatory Licensing Section projects the number of original license, permit and certificate requests anticipated to be received during each fiscal year, as well as the number of renewal requests that will be received from the regulated industries, two of which are on a bi-annual cycle which causes the standard to fluctuate each fiscal year of reporting.

As the number of licenses processed varies from month to month, the measurement of licenses processed within the statutorily mandated time frame within will be calculated by determining the number of licenses issued or denied within a month.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Total number of closed fire investigations involving economic or physical loss

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Statistics are obtained and analyzed from Bureau of Fire and Arson Investigations reporting system.

**Validity:** The statistics are valid; however, the information does not lead to a measurable conclusion.

**Reliability:** Delete Measure has been requested. Every fire results in property loss; therefore, this leaves no measurable percentage to evaluate or analyze. Accurate economic loss is difficult to assess for some time after the investigation.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Standards and Training/43300400

**Measure:** Number of Students Trained and Classroom Contact Hours Provided by the Florida State Fire College

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

All students register for the classes conducted by the Florida State Fire College and the registration information is maintained by the Registrar's office in an MS Access database. The Florida State Fire College Catalogue describes the courses offered and the number of college credits and 'contact hours' that may be earned upon successful completion of the course. All courses provide some amount of contact hours, though not all courses offer college credits. The number of contact hours multiplied by the number of students constitutes the number of contact hours provided. The number of students trained and the total number of contact hours provided are part of a monthly report regularly produced by the Registrar's office.

### **Validity:**

The number of students trained and classroom hours provided is an indication of customer demands and response to customer needs. It supports the Division's mission of ensuring that emergency responders and service providers in the state of Florida are the most qualified, competent and ethical through quality education and training.

### **Reliability:**

Data for this measure is recorded automatically as students are registered for individual classes. This data comes from the Oracle database FCDICE.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Standards and Training/43300400

**Measure:** Number of Examinations Administered

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Students must submit an application for testing 10 days prior to the examination. Examinations are administered at regional testing sites by State Fire Marshal staff.

Students take classes in pursuit of a certificate or competency rating. When applications for testing are received along with appropriate documentation and payment, applicants are entered into FCDICE, the scheduling database, and a roster is produced from the database on demand. Original records are maintained in the Oracle database (FCDICE) Field examiners are scheduled to administer testing at 27 certified training centers.

**Validity:** Uniform tests and testing processes for the certification of firefighters has a direct relationship to ensuring that emergency responders and service providers are the most qualified, competent, and ethical through quality training and education.

**Reliability:** The data is collected and maintained in a database at the Florida State Fire College. The database is accessible only to a select group of individuals. Results of the examinations are issued only in writing.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Standards and Training/43300400

**Measure:** Percent of Student Satisfactory Evaluations of the Florida State Fire College Facility and Services

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** At the conclusion of each course, the instructor turns the class over to the Instructor Supervisor or designee who distributes a specially designed Course Evaluation form to all the students. This form was designed to elicit feedback from the students on the courses, their delivery and the Fire College facilities. The person delivering the evaluation instrument provides both instruction and explanation to participating students in an effort to obtain complete participation. Next the Instructor Supervisor reviews the subjective (non multiple-choice) section of the evaluation for possible immediate corrective actions. The form (in its entirety) is fed into a scanner. Then Optical Character Recognition (OCR) software reads the scanned information and converts it into digital data that is uploaded to the Course Evaluation database (which is in Microsoft Access). The hard copy forms are placed in a sealed envelope with the class, instructor and date on the outside. Quarterly summaries of the Course Evaluation form results are run from the MS Access course Evaluation database.

**Validity:** A high number of satisfactory student evaluations of Florida Fire College services and facilities, would indicate that the College training environment, equipment, dormitories and adjunct facilities, such as the learning resource center and college bookstore are providing professional instruction and an appropriate training environment for students aspiring to work in the fire and emergency service agencies in Florida.

**Reliability:** The printed Course Evaluation form was developed by the Fire College staff, modeling a similar form used by the National Fire Academy, specifically to address the evaluation needs of the College. It was designed to be OCR-readable and meet the tests of an evaluation instrument. All students are encouraged to complete the form. Feeding the forms into the scanner/reader is conducted in a consistent manner. The College began using the scanner and forms in the third quarter of FY97-98.



## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Standards and Training/43300400

**Measure:** Percent of Students who Rate Training received at the Florida State Fire College Effective in Improving their Ability to Perform Assigned Duties

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** At the conclusion of each course, the instructor turns the class over to the Instructor Supervisor (or designee) who distributes a specially designed Course Evaluation form to all the students. This form was designed to elicit feedback from the students on the courses, their delivery and the Fire College facilities. The person delivering the evaluation instrument provides both instruction and explanation to participating students in an effort to obtain complete participation. After the students complete the evaluations, the Instructor Supervisor reviews the subjective (non multiple-choice) section of the evaluation for possible immediate corrective actions. Then the form (in its entirety) is fed into a scanner. Then Optical Character Recognition (OCR) software reads the scanned information and converts it into digital data that is uploaded to the Course Evaluation database (which is in Microsoft Access). The hard copy forms are placed in a sealed envelope with the class, instructor and date on the outside. Quarterly summaries of the Course Evaluation form results are run from the MS Access Course Evaluation database.

**Validity:** A high number of above satisfactory student evaluations of Fire College courses having an effective impact on improving their ability to perform assigned job tasks would indicate that the course content and delivery is providing professional instruction and training to work in the fire and emergency service agencies in Florida.

**Reliability:** The printed Course Evaluation form was developed by Fire College staff, modeling a similar form used by the National Fire Academy, specifically to address the evaluation needs of the College. It was designed to be OCR-readable and meet the tests of an evaluation instrument. All students are encouraged to complete the form. The forms are fed into the scanner/reader in a consistent manner. The College began using the scanner and forms in the third quarter of FY97-98 to assure complete functionality for FY98-99.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Standards and Training/43300400

**Measure:** Number Florida Certification Programs submitted for national accreditation or re-accreditation.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** A certification program is defined as a class or series of classes which lead to certification or competency in a particular area. The college has entered a partnership with the National Board on Firefighter Professional Qualifications (Pro Board) to submit our certification programs for accreditation at the national level thus providing dual benefits to our customers who become certified in the state of Florida.

**Validity:** The approval of certification programs for accreditation or re-accreditation by Pro Board bears a direct relationship with the currency of the program and provides for measurement against national standards.

**Reliability:** Pro Board requires a two year review of any accredited program to assure that each class is in compliance with the current standards of the National Fire Protection Association (NFPA) so that re-accreditation may be granted. This provides that classes involved are reviewed bi-annually for currency. All new submissions are held to the same standards providing assurance that Florida certification programs are compliant with NFPA standards.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire Marshal Administrative and Support Services/43300500

Measure: Number of evidence sample analyses / examinations processed and imaging services provided

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The sources for the new measure are the same as for the old. This is the actual count of items analyzed and processed as totaled in the various processing databases and log sheets kept by the Bureau for all evidence handling processes which compose the workload (SQL\*LIMS, Access, MediaDex, Public Records Request Log, Digital Imaging Log, Video Processing Log).

**Validity:** The data from the sources are valid and can be checked by using individual case files or instrumental sequences/files to total the numbers of analyses or processing reported.

**Reliability:** The data to be reported reliably indicates the workload for the Bureau by summing the completed analytical and processing activities associated with the criminal evidence submitted to the Bureau.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire Marshal Administrative and Support Services/43300500

Measure: To Import 100% of submitted incident data by Florida Fire Departments within the calendar year.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

Statement of New Measure: To Import 100% of submitted incident data by Florida Fire Departments within the calendar year.

### Data Sources

Data sources are the Florida Fire Incident Reporting System (FFIRS) in conjunction with the National Fire Incident Reporting System (NFIRS) database as reported by Florida Fire Departments.

### Methodology:

Upon receiving data files from Florida Fire Departments the FFIRS Section staff will analyze, and import data into the NFIRS database within a 40 hour work week, utilizing the United States Fire Administration (USFA) Federal Client Tool Software. After importing the staff will create an error file and submit invalid incidents back to the fire department for corrections, departments will resubmit corrections to the FFIRS staff, and data will be re-imported into the database.

**Validity:** Once the data is imported in the NFIRS database, invalid incident data is sent back to individual fire departments for corrections, resubmitted to the FFIRS staff, and then re-imported into the database.

**Reliability:** Under the new measure, 100% of all data processed and released monthly to the USFA, which produces a National Database monthly Summary Reporting Status of valid and invalid incidents. The FFIRS staff will be able to compare and verify all incidents imported into the USFA NFIRS database.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: ~~Ratio of companies in receivership discharged to the number of companies placed in receivership during the fiscal year~~ Percentage of companies with only class 3 or higher claims closed within 2 years after all litigation is concluded and all objections have been resolved

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

Pursuant to Chapter 631, F. S., the Division of Rehabilitation and Liquidation is responsible for marshaling the assets of insolvent companies and rehabilitating impaired companies as directed by the Court.

Companies are placed in Receivership for purposes of Rehabilitation, Liquidation or Conservation by an order of the Second Judicial Circuit Court in Leon County, Florida. The court-appointed Receiver performs rehabilitation and liquidation activity for companies in receivership until entry of a discharge order by the Court. The current ratio is determined by counting the number of companies that have been placed in rehabilitation or liquidation during the fiscal year and comparing it to the number of companies where the Receiver was discharged during the fiscal year.

**Validity:** The Department has no control over the number of companies placed in rehabilitation or liquidation during any year. Pursuant to Section 631.031, Florida Statutes, the Florida Office of Insurance Regulation has the statutory responsibility to notify the Department of Financial Services that grounds for receivership exist. If the Florida Office of Insurance Regulation provides the necessary documentation and evidence the Department of Financial Services shall then initiate a receivership proceeding. If the Court finds that grounds for a receivership exist, the Court is required to appoint the Department as receiver (Section 631.141, Florida Statutes). The Department does not regulate companies prior to its appointment as receiver and as such does not have any ability to prevent a receivership. When grounds for receivership exist, it is necessary to place companies in receivership to protect the public of The State of Florida. Based on the foregoing this is not a valid measure and in some cases may be contrary to public policy.

We request that this measure be revised as follows: “Percentage of companies with only class 3 or higher claims closed within 2 years after all litigation is concluded and all objections have been resolved” with a standard of 90%. This provides a more accurate

performance measure for the Division’s closure rate of receiverships. The proposed revisions to the measure remove elements of the current measure that are beyond the control of the Division.

The requested revision to the approved performance measure provides greater validity to this measure because currently only receivership of companies in liquidation that have funds available to pay only class 3 and higher priority claims can be closed. This is because the federal government has successfully litigated its right to file a “super priority” claim (i.e., a Class 4 claim under Chapter 631, Florida Statutes) at any time, even after all the funds have been distributed and the receivership has been closed. Currently, there are federal congressional proposals to resolve this issue. However, until

these issues are resolved, the state as receiver cannot close receiverships in which there are sufficient funds to pay Class 4 or lower priority claims - government claims (including the federal government) fall into the class 4 category and if the state has already distributed receivership funds but the federal government later files a claim, the state may be individually liable to pay the federal claim from state budget funds. Therefore, it is an invalid measure of performance to include receiverships that cannot be closed because of federal law which overrides our Florida law and effectively takes away state control over the timing of closing of those estates.

The revision also provides greater validity because it measures the Department’s timely closing of a receivership from a point in time when the claims evaluation process (including any objections on claims evaluations) is concluded and there has been a final determination of litigated issues in the receivership. Up until that time, court cases involving litigation to collect assets and objections filed by claimants in the receivership are controlled by the judicial system; the Department as receiver has no control over the time that those matters may take to be resolved. The two year period of time is a reasonable time period to employ since even after litigated matters have been concluded, assets such as reinsurance proceeds, insurance agents’ unearned commissions, installment plan payments from entities owing the estate money, and real estate sale proceeds will still need to be collected until a distribution of funds can be made.

For the revised measure, the Division would report information on liquidations which:

- 1) Are closed during the fiscal year; and
- 2) Only involve distributions on Class 3 or higher claims.

The Division would use the following measurement method for the revised measure:

- 1) Determine which closures during the year only involve distributions on Class 3 or higher priority claims under Section 631.271, Florida Statutes;

- 2) For each such receivership, determine the last day of the month in which all litigation was completed;
- 3) For each such receivership, determine the last day of the month in which all objections to the claims evaluation were resolved;
- 4) Using the later of the above dates, calculate 2 years from the date (this will be considered the “closing deadline month” for each receivership in determining whether or not a receivership met the 2 year closing deadline);
- 5) Percentage reported is calculated by dividing the number of receiverships with Class 3 or higher claims closed year to date that met the 2 year deadline by the total number of receiverships closed year to date.

**Reliability:** The Division of Rehabilitation and Liquidation maintains data on insurance entities that are in rehabilitation or liquidation. The data is supported by a signed court order and is considered very reliable.

The revision provides greater reliability for this performance measure as it provides for a measuring procedure that will yield the same results on repeated trials, and the data is complete and essentially error free. It is easily determined from the data currently maintained by the Department as to when all litigation is resolved since the Department as receiver currently tracks this information on every litigated issue in all receiverships. It is also easy to determine when all objections to the receiver’s evaluation of claims have been resolved, and this data is also maintained by the Department. Claimants are entitled to a court hearing if they have filed an objection; those resolved without a court hearing involve a dated settlement agreement or equivalent correspondence. The two year time period from the date of conclusion of litigation and resolution of objections to claim evaluations is also a very definitive period of time that provides for consistent measurement and accurate data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Maximum number of insurance companies entering rehabilitation or liquidation during the year

**Action** (check one):

- Requesting revision (**Deletion**) to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Pursuant to Chapter 631, F. S., the Division of Rehabilitation and Liquidation is responsible for marshaling the assets of insolvent companies and rehabilitating impaired companies as directed by the Court.

Companies are placed in Receivership for purposes of Rehabilitation, Liquidation or Conservation by an order of the Second Judicial Circuit Court in Leon County, Florida. The court-appointed Receiver performs rehabilitation and liquidation activity for companies in receivership until entry of a discharge order by the Court. The number of companies is determined by counting the companies placed in rehabilitation or liquidation during the fiscal year. Companies that are in both rehabilitation and liquidation during the same fiscal year are only counted once.

**Validity:** *We request that this measure be deleted.* The Department has no control over the number of companies placed in rehabilitation or liquidation during any year. Pursuant to Section 631.031, Florida Statutes, the Florida Office of Insurance Regulation has the statutory responsibility to notify the Department of Financial Services that grounds for receivership exist. If the Florida Office of Insurance Regulation provides the necessary documentation and evidence the Department of Financial Services shall then initiate a receivership proceeding. If the Court finds that grounds for a receivership exist, the Court is required to appoint the Department as receiver (Section 631.141, Florida Statutes). The Department does not regulate companies prior to its appointment as receiver and as such does not have any ability to prevent a receivership. When grounds for receivership exist, it is necessary to place companies in receivership to protect the public of The State of Florida. Based on the foregoing this is not a valid measure and in some cases may be contrary to public policy.

**Reliability:** The Division of Rehabilitation and Liquidation maintains data on insurance entities that are in rehabilitation or liquidation. The data is supported by a signed court order and is considered very reliable.



## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percent of appraised value of assets liquidated for real property

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Pursuant to Chapter 631, Florida Statutes, the Division of Rehabilitation and Liquidation is responsible for marshaling the assets of insurance companies ordered into receivership by the Court.

Impaired or insolvent insurance companies are placed in receivership for purposes of conservation, rehabilitation, or liquidation by an order of the Second Judicial Circuit Court in Leon County, Florida. The Department of Financial Services as the court-appointed receiver coordinates and directs the receivership process until entry of a discharge order by the Court.

Upon entry of an order appointing the receiver, the company's records are reviewed to determine ownership of any real property. Title to any real property is recorded in the name of the Receiver in order to safeguard the property. An appraisal is then obtained. When the determination is made to sell the real property, it is listed with an agent or broker. The Court approves all sales before being finalized.

The percent of appraised value of assets liquidated by the department for real property is determined by dividing the total amount received from the sale of real property by the total amount shown on the appraisal report.

### **Validity:**

The validity of the measure is strongly dependent on the accuracy of the appraisal. Also, there may be a lag time between the appraisal and the contract for sale, the court approval and the closing, during which market conditions may fluctuate. This may result in a significantly higher or lower sale price than the appraisal.

**Reliability:** Different appraisers may arrive at different appraisal values for the same property, which limits repeatable results.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Percent of appraised value of assets liquidated for personal property

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Pursuant to Chapter 631, Florida Statutes, the Division of Rehabilitation and Liquidation is responsible for marshaling the assets of insurance companies ordered into receivership by the Court.

Impaired or insolvent insurance companies are placed in receivership for purposes of conservation, rehabilitation, or liquidation by an order of the Second Judicial Circuit Court in Leon County, Florida. The Department of Financial Services as the court-appointed receiver coordinates and directs the receivership process until entry of a discharge order by the Court.

Upon entry of an order appointing the receiver, the company's records are reviewed to determine ownership of any personal property. Personal property is inventoried and tagged. Then an appraisal is obtained. When the determination is made to sell the personal property, the preferred method is by auction.

The percent of appraised value of assets liquidated by the department for personal property is determined by dividing the total amount received from the sale of inventory by the total amount shown on the appraisal report.

### **Validity:**

This measure assesses the service's ability to receive a fair price for inventory liquidated by dividing the total amount received from the sale by the appraised value.

The validity of the measure is strongly dependent on the accuracy of the appraisal. Also, there may be a lag time between the appraisal and the sale during which market conditions may fluctuate. This may result in a significantly higher or lower sale price than the appraisal. These inventories typically include personal computers (hardware and software) and other office equipment that

rapidly depreciate or become obsolete due to changes in technology. Due to the long periods of time between the appraisal and the sale of the inventories these factors may result in inventories being sold for less than the appraisal value.

**Reliability:**

Different appraisers may arrive at different appraisal values for the same property, which limits repeatable results.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Total number of companies in rehabilitation or liquidation during the year

Action (check one):

- Requesting revision (**Deletion**) to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Pursuant to Chapter 631, F. S., the Division of Rehabilitation and Liquidation is responsible for marshaling the assets of insolvent companies and rehabilitating impaired companies as directed by the Court.

Companies are placed in Receivership for purposes of Rehabilitation, Liquidation or Conservation by an order of the Second Judicial Circuit Court in Leon County, Florida. The court-appointed Receiver performs rehabilitation and liquidation activity for companies in receivership until entry of a discharge order by the Court. The number of companies is determined by counting the companies in rehabilitation or liquidation at the end of the fiscal year.

**Validity:** *We request that this measure be deleted.* The Department has no control over the number of companies placed in rehabilitation or liquidation during any year. Pursuant to Section 631.031, Florida Statutes, the Florida Office of Insurance Regulation has the statutory responsibility to notify the Department of Financial Services that grounds for receivership exist. If the Florida Office of Insurance Regulation provides the necessary documentation and evidence the Department of Financial Services shall then initiate a receivership proceeding. If the Court finds that grounds for a receivership exist, the Court is required to appoint the Department as receiver (Section 631.141, Florida Statutes). The Department does not regulate companies prior to its appointment as receiver and as such does not have any ability to prevent a receivership. When grounds for receivership exist, it is necessary to place companies in receivership to protect the public of The State of Florida. In addition, the Federal Government has asserted its rights to file a claim in any receivership at any time, with no deadline to file its claim. This position has been upheld by the courts. Until Congress takes some action to clarify this situation the Division is effectively prevented from closing some existing receiverships. Based on the foregoing this measure is not valid.

**Reliability:** The Division of Rehabilitation and Liquidation maintains data on insurance entities that are in rehabilitation or liquidation. The data is supported by a signed court order and is considered very reliable.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of licensees disciplined (decrease) – this is the new name of the measure – it was previously “Maximum percent of insurance representatives requiring discipline of oversight”.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Discipline is considered “administered” at the point the department’s action is considered final. (The matter has been disposed of through a lawful department order, if required.) The department enters an order which is considered final agency action whereby the licensee’s license or appointment(s) is suspended, revoked, or otherwise terminated, or placed on department probation; or whereby the licensee is assessed a monetary fine or required to complete the deficient continuing education hours; or any combination of the foregoing.

1. Query the licensing database (ALIS) to select the number of licensed insurance representatives.
2. Query the licensing database (ALIS) to identify the number of licensees whose appointments were terminated due to continuing education non-compliance.
3. Query the education database to find the number of consent orders issued for Continuing Education noncompliance.
4. Query the Legal Tracking System (maintained by Legal Services) which is referred to as Client Profiles to identify all final department actions recorded relative to insurance representatives for the fiscal or calendar year in question.

The sum of 2, 3 and 4 will yield the total number of insurance representatives disciplined. The ratio of that total to the number in item 1 will yield the percent of insurance representatives requiring discipline.

**Validity:**

The “discipline” part of this measurement measures the ratio of licensed insurance representatives who commit Insurance code violations. The “oversight” part of this measure takes in the department’s effectiveness in enforcing the continuing education statutes and ensures that only those licensees who meet such requirements remain active licensees. This measure represents the percent of our regulated population where we have additional work to do and is an indicator of the effectiveness of our education, outreach and assistance, our investigations, and the clarity of laws, rules, policies and procedures. This is important in validating the effectiveness of the Insurance Code’s eligibility standards for insurance representatives in the areas of applicant fitness, trustworthiness and competence.

**Reliability:**

Item 1 above is an existing program and is deemed to be reliable.

Item 2 above is an existing program and is deemed to be reliable.

Item 3 above is an existing tracking system and is deemed to be reliable

Item 4 above is an existing program and is deemed to be reliable.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing & Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of applications processed within 7 working days (increase)

### **Action (check one):**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

“Application processing” means the process of reviewing applications, whether a new application is reviewed for the first time or an application that is being reviewed because additional required information has been received from the applicant on a previously reviewed application. These applications are for those applicants that do not have a criminal, civil or administrative background.

The bureau’s licensing database (ALIS) tracks the date an application is received and the date that additional information is received from the applicant. The database also tracks the date that an application was either processed to completion or pended due to outstanding deficiencies. The system calculates the difference between the date a new application or additional information is received and the date that the application is processed to completion or pended due to outstanding deficiencies. The determination of whether the application was processed with seven (7) days will be determined by this calculation.

### **Validity:**

This measure is valid because it shows timeliness, efficiency and service for each time an application is processed. This measure is an important tool in determining if upgrades in technology, additional training of employees, staffing, or other actions are needed.

### **Reliability:**

The tracking of an application’s received date is reliable since this data is captured in a fully-automated database that has been in existence since December 2003. Additional database programming will be done in fiscal year 2009/2010 to create the report that will provide the data for this measure and to ensure that the report is both valid and reliable.



## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing & Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of licensees complying with continuing education requirements (increase)

### **Action (check one):**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

“Licensees” refers to those individuals who hold a license(s) that requires them to complete a continuing education requirement. “Complying” is defined as being compliant with one’s continuing education requirement when the initial evaluation is calculated 30 days from the licensee’s compliance date. Many types of licenses require the licensee to complete continuing education requirements. These requirements are due on a biennial cycle. Licensees may be required to take certain courses in order to satisfy their continuing education requirement. The bureau’s education database (DICE) holds all information regarding a licensee’s continuing education status. To calculate this measure, a report found in DICE under “Reports”, then “Enforcement”, is run. The name of the report is “Compliance Status”. Under “Report Type”, select “Statistics only”. Enter the compliance period(s) for which you want to run the report and ensure that the “ALL” selection is chosen for the remaining fields. The report generated will list the statistics for Agents, Adjusters, and Bail Bonds license type/classes separately. Sum the “Initial Evaluation” numbers for each license type/class to get the total number of compliant licensees. To get the total number of licensees required to complete continuing education, sum the “Number of Licensees” for each license type/class and subtract the “No CE Requirement” statistics. Divide the total number of compliant licensees by the total number of licensees required to complete continuing education to get this measure.

### **Validity:**

This measure is important in determining whether the bureau is doing an effective job in communicating with all licensees, providers, and other groups about continuing education requirements. It measures how well we educate, assist and discipline licensees, and educate and assist providers, in order to influence voluntary compliance with requirements. Providers offer the courses that licensees complete in order to meet their continuing education requirements.

**Reliability:**

The data regarding a licensee's continuing education compliance status is stored in the bureau's education database (DICE), which has been in existence since December 2002. This measure is therefore deemed reliable. This measure is calculated using the methodology described in "Data Sources and Methodology."

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of investigations completed within 130 Days

### **Action (check one):**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measurement analyzes the possible resolution of case actions worked by investigative staff against licensed and unlicensed individuals and entities

1. Determine total number of cases completed with 150 Day from previous fiscal year.
2. Decrease the number of days a case should be completed from 150 Days to 130 Days.
3. Compute the relative percentages identified in number 2 above.

Data obtained from the tracking system known as BAAITS (Bureau of Agent and Agency Investigation Tracking System). Relative percentages will be computed for all elements and data prepared in prescribed format.

### **Validity:**

This measure provides historical data and projections of completed case actions within a defined time frame. This information is important for establishing performance measures of investigative staff.

### **Reliability:**

Data relating to the number of licensed and unlicensed individuals and entities is reliable. BAAITS is capable of tracking the submission and completion of case files.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of satisfaction of Customer Contact Center services (increase)

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure will be calculated by use of surveys (electronic, mail, phone). Survey questions will measure areas such as the bureau's customer contact center (call center) and email system. Surveys will provide the customer the opportunity to rate on a scale their satisfaction level. Surveys will be completed, and then returned to the bureau, where we will gather the data and compute this measure.

### **Validity:**

Measures, via survey (electronic, mail, phone), satisfaction of callers (and those who e-mail) with the services received. This is an important tool that the bureau will utilize to measure and evaluate the services that we provide.

### **Reliability:**

In fiscal year 2007/2008, the bureau will develop the survey methods described above and utilize technology to distribute. While statistics show that only 10%-15% of customers complete surveys, the bureau will be able to receive adequate data in order to ensure a reliable and valid measure.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percent of completed investigations recommended for formal action that result in an action

### **Action (check one):**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measurement analyzes the possible resolution of cases worked by investigative staff against licensed and unlicensed individuals and entities

1. Determine total number of formal actions taken against individuals and entities from previous fiscal year.
2. Determine the total number of individuals and entities submitted for formal action.
3. Compute the relative percentages identified in 1 and 2 above.

Data obtained from the tracking system known as BAAITS (Bureau of Agent and Agency Investigation Tracking System). Relative percentages will be computed for all elements and data prepared in prescribed format.

### **Validity:**

This measure provides historical data and projections of formal actions taken within a defined time frame. This information is important for determining the number of licensed and unlicensed individuals and entities recommended for formal action resulting in an action.

### **Reliability:**

Data relating to the number of licensed and unlicensed individuals and entities is reliable. BAAITS is capable of tracking the formal actions.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percent of consumer activities that result in quality service

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure reflects the percent of activities performed by department employees that result in quality service to Florida insurance and financial services consumers. An internal audit of requests for assistance and helpline calls have been developed to evaluate employee performance in providing quality service. The audit includes such measures as the quality of information provided, the accuracy of information, timeliness and written and oral communication.

The audits are performed by the division managers and quality auditors. Reports are produced and shared with staff.

A standard for providing quality service was determined by reviewing the audit form and evaluating the minimum necessary ingredients to provide quality service. This standard was set by division management. In order to generate the percentage, the report counts the number of audits conducted during a given time period, determines how many of those audits score at or above the division standard for quality service, then divides the count of those above quality service by the number of audits during the given timeframe. This will result in the percentage score of those consumer activities that resulted in quality service.

### **Validity:**

The process was developed with division managers and quality auditors based on the internal procedures designed to provide quality assistance to consumers. The percent of quality service provided is determined by the score on the audits.

### **Reliability:**

The documentation of this process includes audit reports which are stored on a database and backed up nightly. Auditors periodically evaluate fellow auditor results to assure audit consistency.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of consumers satisfied with the services provided

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure reflects the percent of consumers satisfied with the services provided by the Department of Financial Services when those consumers have asked the department for assistance with an insurance or financial services issue or problem. Upon receipt of a request for assistance, the consumer's contact information and issue are entered into the department's complaint tracking system. The affected regulated entity is contacted and the department attempts to resolve the consumer's issue.

A random sample of department consumers are sent a customer service satisfaction survey within 30 days of the completion of the request for assistance. The surveys, their format and questions were developed in cooperation with the Florida State University business school to achieve a reliable format and survey questions that could be sent to a statistically valid random sampling of department consumers.

Department staff receiving, reviewing and compiling survey data are not the same staff that performed the work related to requests for assistance. As surveys are returned they are entered into a database. Reports are generated to determine the level of satisfaction of the consumer. In order to generate the percentage, the report counts the number of surveys returned, counts the number of consumers who responded that they were satisfied with our services and divides those who were satisfied by the total number of surveys returned. This produces the percentage of consumers satisfied with the services provided by the department.

**Validity:**

A consumer satisfaction survey is mailed to approximately 15 percent of consumers who request assistance from the department with an insurance or financial services issue. Of the surveys mailed, approximately 20 percent are completed and returned to the department. Upon receipt of the survey, the results are entered into a database. The percent of satisfaction of services provided is determined based on the response of the consumer. No individual involved with the survey is involved with assisting consumer resolve their issue with the regulated entity.

**Reliability:**

The documentation of this process includes the physical consumer satisfaction surveys and the database the survey results are entered into. This database and is backed up nightly.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of phone calls answered within two minutes

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure reflects the percentage of phone calls received through the department's toll-free Consumer Helpline that are answered within two minutes.

This percentage is determined by dividing the number of calls answered by staff by the amount of time it took to reach a live person.

### **Validity:**

The CISCO Voice Over Internet Protocol (VOIP) telephone system used by the Department of Financial Services automatically gathers, logs and stores data associated with each telephone call received through the toll-free Consumer Helpline. This data is stored, backed-up and archived in accordance with the department's normal server and data management guidelines.

Reports are generated using the data gathered by the CISCO VOIP phone system.

### **Reliability:**

The documentation of all data is stored on a database and a back-up copy is created nightly.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of investigations submitted to probable cause panel in which the panel agrees with the Division's probable cause recommendation.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Pursuant to Section 497.153, F. S. the if the department shall determine there is reasonable cause to believe that any licensee under Chapter 497 is subject to disciplinary action, the department must present the matter to a probable cause panel to determine if probable cause exists.

**Validity:** The measure will report the effectiveness of filed investigations by a showing a direct correlation to Division recommendations based on the investigation files and the ultimate determination of the probable cause panel.

**Reliability:** Information gathered for this measure will be obtained from Service Point, a Seibel application. Field investigations obtained from Service Point will be compared with the probable cause panel determinations made during meetings of the probable cause panels.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of investigations completed within 150 days of initiation.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

Chapter 497 authorizes the Department to conduct investigations. The investigation consists of the examination of the accounts, records, documents, files, information, assets, business premises of various licensees and entities to determine if there has been a violation of Chapter 497.

**Validity:** The measure will report the effectiveness of the investigation process by showing a direct correlation between the field investigations and the length of time required to complete investigations.

**Reliability:** Information gathered for this measure will be obtained from Service Point, a Seibel application. Each investigation will be scheduled using Service Point.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of establishments and cemeteries inspected per fiscal year

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Chapter 497 requires the Department to conduct an inspection of every licensed cemetery company, funeral establishment, direct disposal establishment, cinerator facility, central embalming facility, refrigeration facility and removal service at least once per year

Reporting data will be obtained from the closed inspection reports that are recorded in ServicePoint tracking system. When an inspection is assigned to a field examiner, the examiner opens a service request and obtains a number for the inspection. The on-site inspection is completed and the report is entered into ServicePoint. Completed inspections will be those inspections with a disposition of closed in Service Point.

**Validity:** This measure will address the effectiveness of the Department's ability to meet its statutory mandates. Conducting inspections is an integral part of the Department's regulatory responsibilities.

**Reliability:** Information gathered for this measure will be obtained from Service Point, a Seibel application. Each inspection will be scheduled using Service Point. Service Point is also used to develop the report, automate correspondence and track the subsequent enforcement action.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of financial examinations with deficit findings that result in deficits being corrected, initiation of an investigation or disciplinary action being taken against the licensee.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Chapter 497 authorizes the Department to conduct a financial examination of any cemetery company and any preneed licensee as needed. Reporting data will be obtained from closed examination reports that are recorded in Service Point tracking system. When an examination is assigned to an examiner, the examiner opens a service request and obtains a number for the examination. The examination is conducted on-site. Upon completion, the examination is sent to the supervisor for review. If deficits are reported, a notation is made in Service Point. When the examiner receives confirmation of a trust fund deposit, the examiner makes a notation in Service Point. All examinations reporting trust fund deficits will be monitored by the appropriate examiner and supervisor.

**Validity:** This measure will report the effectiveness of the financial examination program by showing a direct correlation between the examination and additional funds being deposited into the trust funds.

**Reliability:** Information gathered for this measure will be obtained from Service Point, a Seibel application. Each examination will be scheduled using Service Point. Service Point is also used to develop the report, automate correspondence and track the subsequent enforcement action.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records, initiation of an investigation or disciplinary action being taken against the cemetery.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Chapter 497 authorizes the Department to conduct an inspection of every licensed cemetery at least once per year. The inspection consists of a review of the grounds and verification of burial records. The examiner conducts a straight check (from burial records to grounds) and a blind check (from the grounds to the burial records). In addition, the ownership records and maps are also checked. Management and grounds superintendents are interviewed to ensure procedures are being followed.

**Validity:** This measure will report the effectiveness of the cemetery inspection program by showing a direct correlation between the inspection and improvement to the grounds or records.

**Reliability:** Information gathered for this measure will be obtained from Service Point, a Seibel application. Each inspection will be scheduled using Service Point. Service Point is also used to develop the report, automate correspondence and track the subsequent enforcement action.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of funeral establishment inspection with health and safety findings that resulted in corrective action, initiation of an investigation or disciplinary action being taken against the establishment.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Chapter 497 authorizes the department to conduct an inspection of every funeral establishment, direct disposal establishment, cinerator facility, central embalming facility, refrigeration facility and removal service. When an inspection is assigned to an examiner, the examiner opens a service request in Service Point and obtains a tracking number for the inspection. The inspection is conducted and forwarded to the supervisor via Service Point. A comment is made in Service Point if a finding is noted and when the finding is corrected.

**Validity:** This measure will report the effectiveness of the inspection program by showing a direct correlation between the inspection and corrections and improvements being made to the licensed facilities.

**Reliability:** Information gathered for this measure will be obtained from Service Point, a Seibel application. Each inspection will be scheduled using Service Point. Service Point is also used to develop the report, automate correspondence and track the subsequent enforcement action.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of claim files reviewed annually

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The Division has historically audited critical components of injured employee's claim files while conducting on-site audits and while reviewing claims data internally. The information reviewed directly impacts the Division's mission.

The Audit Section audits claim files for the accurate and timely payment of indemnity benefits to the injured employee, timely and accurate filing of Division forms, and the accuracy of both indemnity and medical data submitted electronically. Each claim file is selected to be reviewed for one or more of the areas referenced above. The files are randomly selected by the audit section to include all disability types and all dates of accident for the audited time period in which either indemnity or medical has been paid. The selection process allows for the audit process to incorporate a larger number of claim files in the audit process.

The Permanent and Total Section reviews all essential claims information submitted by insurers and self-insurers. Once the information is submitted on the required Division forms, the information is evaluated to determine if PT benefits are paid accurately. The PT Insurance Specialist III's are required to data input PT claim information, analyze the information relative to the claim information stored on our Integrated computer system, and evaluate the accuracy of the benefits. The PT Section also routinely validates the accuracy of all Division paid PT supplemental benefits on PT claims with dates of accident before 1984.

The Centralized Performance System (CPS) reviews each submitted First Report of Injury or Illness (DFS-F2-DWC-1) to determine if the First Report of Injury was submitted timely to the insurer and to the Division, and if the initial payment of indemnity benefit was paid timely. This process allows for the Bureau to review 100% of all reported First Reports of Injury with regards to the timely provision of benefits to the injured employee.



**Validity:**

The Number of Claims Files Reviewed Annually is an accurate measure of the Bureau of Monitoring and Audit's productivity. The Number of Claim Files Reviewed Annually is calculated by summing all of the claim file reviews for each Section described below:

Audit Section - The number of claim files reviewed during all on-site examinations of insurers during the fiscal year. Auditors may review claim files for a specific reason or they may review all auditable portions of the claim file.

Permanent Total Section – The PT Section evaluates essential claims data submitted by the insurer on each PT claim file. Staff data inputs the claims information provided by the insurers and evaluates the PT benefits to make certain they have been correctly calculated according to statutes, rules and court rulings.

Centralized Performance System (CPS) – The CPS and our staff evaluate 100% all new First Report of Injury claims reported to the Division. Each First Report of Injury is a new loss time claim.

This measurement allows for the Bureau to measure its productivity and effectiveness and attain the Division's goal of maintaining a self-executing workers' compensation system.

**Reliability:**

The Number of Claim Files Reviewed is an easily quantifiable measurement of the Bureau of Monitoring and Audit. We track and manage these numbers in our Audit Section, PT Section and CPS. The supervisors located in the Bureau are responsible for monitoring the quality assurance of the program and the quality reviewing of the auditor's work.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of Employer Investigations Conducted

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The Bureau of Compliance prepares a statistical report that contains data identifying the number of investigations conducted to determine employer compliance with the workers' compensation law. Investigators obtain employer compliance information and transfer the data into a Daily Activity Report (DAR). The DAR is accessed electronically and can be reviewed on a daily, weekly and monthly basis.

The number of employer investigations conducted is a result of referrals received from the public or other enforcement agencies, geographic sweep operations and random worksite visits.

### **Validity:**

District Supervisors and Investigation Managers review the DARs. In addition, the Investigation Managers conduct annual quality management reviews in which five cases for each investigator are reviewed to ensure that the investigations meet all statutory and regulatory requirements.

### **Reliability:**

Data is collected in a consistent manner and compiled on a monthly and annual basis. The same data sources are used, the same methodology is applied and it can be duplicated to achieve the same results.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office. Number of disputes resolved for injured workers by the Employee Assistance Office

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

EAO utilizes the Division's Integrated System to document its dispute resolution efforts. Requests from injured workers for assistance with their workers' compensation claims are tracked in the Integrated System. EAO staff first categorizes whether an issue is an educational issue or an issue which will require intervention / assistance. Those issues requiring intervention and assistance by EAO are considered "disputes." EAO staff log and track in the Integrated System each dispute submitted to EAO and how many disputes were resolved. The Integrated System currently generates reports reflecting the "Total Number of Resolved Disputes" and the "Percentage of Resolved Disputes."

### **Validity:**

EAO supervisors conduct quality assurance reviews of disputes to verify that staff members are consistently entering key dispute data. All Integrated programs are tested extensively prior to being put into use to ensure that the data being reflected on the reports is correct. This process is repeated each time there is a new system release or enhancements are implemented. Team supervisor review these reports monthly and individual production reports are shared with the team.

### **Reliability:**

Management and supervisors have been using these reports and data for the Division of Workers' Compensation for several years.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Percentage of injured workers that obtain one or more benefits due to intervention by the Employee Assistance Office Percentage of disputes resolved for injured workers by the Employee Assistance Office

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

EAO utilizes the Division's Integrated System to document its dispute resolution efforts. Requests from injured workers for assistance with their workers' compensation claims are tracked in the Integrated System. EAO staff first categorizes whether an issue is an educational issue or an issue which will require intervention / assistance. Those issues requiring intervention and assistance by EAO are considered "disputes." EAO staff log and track in the Integrated System each dispute submitted to EAO and how many disputes were resolved. The Integrated System currently generates reports reflecting the "Total Number of Resolved Disputes" and the "Percentage of Resolved Disputes."

### **Validity:**

EAO supervisors conduct quality assurance reviews of disputes to verify that staff members are consistently entering key dispute data. All Integrated programs are tested extensively prior to being put into use to ensure that the data being reflected on the reports is correct. This process is repeated each time there is a new system release or enhancements are implemented. Team supervisor review these reports monthly and individual production reports are shared with the team.

### **Reliability:**

Management and supervisors have been using these reports and data for the Division of Workers' Compensation for several years.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of reimbursement requests (SDF-2) paid

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** SDTF Claims Manager 2004 database and Actuarial Valuation of the Florida Department of Financial Services Division of Workers' Compensation Special Disability Trust Fund, Actuarial Analysis as of June 30, 2008, prepared by Pinnacle Actuarial Resources, Inc. The average amount paid per reimbursement during FY 2008-2009 divided into the amount projected to be paid in FY 2009-2010 according to the Pinnacle report reveals that only 1,670 payments should be expected during FY 2009-2010. The GAA Performance Standard (Number) should be adjusted down to account for the reality that the approved 2009-2010 standard exceeds the number of approved SDF-2s that will be available for payment during the current and future fiscal years.

**Validity:** The SDTF database has been shown to be accurate as a historical reference. The Pinnacle report was performed by qualified actuaries. Experience has shown that the assumptions made in the actuarial estimates sometimes lead to overstatements, but rarely understatements of future liability.

**Reliability:** Using this methodology on prior year data has shown it to be a reasonable estimate of the number of reimbursement approvals during the next immediate fiscal year.

# Department of Financial Services

## Associated Activities Contributing to Performance Measures – LRPP Exhibit V

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010100 FY 2009-10 (Words)	Associated Activities Title
1	Administrative costs as a percent of total agency costs	ACT 0010 Executive Direction ACT 0030 Legislative Affairs ACT 0040 External Affairs (Consumer Advocate) ACT 0050 Cabinet Affairs ACT 0060 Inspector General ACT 0070 Communications/Public Information ACT 0080 Director of Administration ACT 0090 Planning and Budgeting ACT 0100 Finance and Accounting ACT 0110 Personnel Svcs/Human Resources ACT 0120 Training ACT 0130 Mail Room ACT 2150 Process State Employee Payroll
2	Administrative positions as a percent of total agency positions	ACT 0110 Personnel Svcs/Human Resources ACT 0120 Training ACT 0130 Mail Room ACT 0140 Print Shop ACT 0200 Procurement

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010200 FY 2009-10 (Words)	Associated Activities Title
3	Percent of closed files involving allegations of statutory violation that were successfully prosecuted	ACT0020 General Counsel <hr/> <hr/> <hr/>



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010300 FY 2009-10 (Words)	Associated Activities Title
4	Information technology costs as a percent of total agency cost	ACT0300 Information Technology - Executive Direction  
5	Information technology positions as a percent of total agency positions	ACT0300 Information Technology - Executive Direction  
6	System design and programming hourly costs	ACT0320 Information Technology - Application Development/Support  
7	Percent of scheduled hours computer and network is available	ACT0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Desktop Support  
8	Percent of customers who returned a customer service satisfaction rating of at least seven (4) on a scale of one (1) to ten (5) on surveys - New Measure	ACT0300 Information Technology - Executive Direction ACT0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Desktop Support  
9	Percent of scheduled services completed timely	ACT0320 Information Technology - Application Development/Support ACT0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Desktop Support <b>REQUESTING DELETION OF MEASURE</b>

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100200 FY 2009-10 (Words)	Associated Activities Title
10	Maximum administrative unit cost per \$100,000 of securities placed for deposit security service purposes	ACT 1210 Provide analysis on securities held for deposit and qualified public depositories ACT 1220 Process Transactions, account changes and audit functions.
11	Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit	ACT 1210 Provide analysis on securities held for deposit and qualified public depositories
12	Number of account actions taken on regulatory collateral deposit accounts	ACT 1220 Process Transactions, account changes and audit functions.

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100300 FY 2009-10 (Words)	Associated Activities Title
13	Ratio of net rate of return to established national benchmarks for: (I) Internal liquidity investments	ACT 1310 Investment of Public Funds   
14	Ratio of net rate of return to established national benchmarks for: (II) Internal bridge investments	ACT 1310 Investment of Public Funds   
15	Ratio of net rate of return to established national benchmarks for: (III) Internal intermediate investments	ACT 1310 Investment of Public Funds   
16	Ratio of net rate of return to established national benchmarks for: (IV) Medium term external portfolio	ACT 1310 Investment of Public Funds   
17	Ratio of net rate of return to established national benchmarks for: (V)	ACT 1310 Investment of Public Funds <b>REQUESTING DELETION OF MEASURE</b>  
18	Number of financial management/accounting transactions processed and reports produced	ACT 1330 Receive funds, process payment of warrants and provide account and reconciliation services <b>REQUESTING DELETION OF MEASURE</b>  
19	Number of cash management consultation services	Act 1320 Provide cash management services   
20	Dollar volume of funds invested	ACT 1310 Investment of public funds <b>REQUESTING DELETION OF MEASURE</b>  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100400 FY 2009-10 (Words)	Associated Activities Title
21	Minimum percent of state employees participating in the State Deferred Compensation Plan (excluding SUS employees)	ACT 1410 Administer the state supplemental deferred compensation plan <b>REQUESTING DELETION OF MEASURE</b>
22	Minimum percent of state employees participating in the State Deferred Compensation Plan (including SUS employees)	ACT 1410 Administer the state supplemental deferred compensation plan <b>REQUESTING DELETION OF MEASURE</b>
23	Number of participant account actions processed by the state deferred compensation office	ACT 1410 Administer the state supplemental deferred compensation plan <b>REQUESTING DELETION OF MEASURE</b>
24	Number of educational materials distributed by the state deferred compensation office	ACT 1410 Administer the state supplemental deferred compensation plan <b>REQUESTING DELETION OF MEASURE</b>

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43200100 FY 2009-10 (Words)	Associated Activities Title
25	Percent of program's customers who returned an overall customer service rating of good or excellent on surveys.	ACT 2110 Accounting and Reporting of State Funds ACT 2180 FLAIR and CMS Replacement Project REQUESTING DELETION OF MEASURE
26	Percent of vendor payments issued in less than the statutory time limit of 10 days.	ACT 2120 Migrate current Accounts Payable Procedures to Electronic Commerce ACT 2130 Conduct pre-audits of Selected Accounts Payable REQUESTING DELETION OF MEASURE
27	Percent of vendor payments issued electronically.	ACT 2120 Migrate current Accounts Payable Procedures to Electronic Commerce   
28	Percent of payroll payments issued electronically.	ACT 2150 Process State Employee Payroll   
29	Percent of retirement payments issued electronically.	ACT 2120 Migrate current Accounts Payable Procedures to Electronic Commerce   
30	Number of post-audits completed.	ACT 2140 Conduct post-audits of major State Programs.   

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43200200 FY 2009-10 (Words)	Associated Activities Title
31	Total dollar amount of claims paid to the owner as a percent of the total dollars in returnable accounts reported/received (Claims paid as a percent of all dollars in accounts received)	ACT 2210 Collect Unclaimed Property ACT 2220 Process and Payment of Unclaimed Property  
32	Percent of the total number of claims paid to the owner compared to the total number of returnable accounts reported/received (Number of claims paid as a percent of all accounts)	ACT 2210 Collect Unclaimed Property ACT 2220 Process and Payment of Unclaimed Property  
33	Number / dollar value of owner accounts processed	ACT 2220 Process and Payment of Unclaimed Property   
34	Number of claims paid / dollar value of claims paid	ACT 2220 Process and Payment of Unclaimed Property   
35	Percent of claims paid within 90 days from date received (cumulative total)	ACT 2220 Process and Payment of Unclaimed Property   

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300200 FY 2009-10 (Words)	Associated Activities Title
36	Number of fire related deaths occurring in state owned properties required to be inspected	ACT 3220 Perform Fire Safety Inspections  
37	Amount of direct losses from fires in state owned buildings	ACT 3220 Perform Fire Safety Inspections <b>REQUESTING DELETION OF MEASURE</b>  
38	Percent of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections  
39	Number of recurring inspections completed	ACT 3220 Perform Fire Safety Inspections  
40	Number of high hazard inspections completed	ACT 3220 Perform Fire Safety Inspections  
41	Number of construction inspections completed	ACT 3220 Perform Fire Safety Inspections  
42	Number of regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections  
43	Percent of fire code inspections completed within statutory defined timeframes	ACT 3220 Perform Fire Safety Inspections  
44	Percent of fire code plans reviews completed within statutory defined timeframes	ACT 3230 Review construction plans for fire code compliance  
45	Number of boiler inspections completed by department inspectors	ACT 3240 Perform boiler inspections  
46	Number of construction plans reviewed	ACT 3230 Review construction plans for fire code compliance  
47	Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	ACT 3210 License the fire protection industry  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300300 FY 2009-10 (Words)	Associated Activities Title
48	Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	ACT 3310 Investigate Fires - accidental, arson and other  
49	Percent of arson arrests resulting in conviction	ACT 3310 Investigate Fires - accidental, arson and other  
50	Percent of closed arson investigations for which an arrest was made in Florida	ACT 3310 Investigate Fires - accidental, arson and other  
51	Total number of closed fire investigations involving economic or physical loss	ACT 3310 Investigate Fires - accidental, arson and other <b>REQUESTING DELETION OF MEASURE</b>  



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300400 FY 2009-10 (Words)	Associated Activities Title
52	Percent of above satisfactory ratings by supervisors of students' job performance from post-class evaluations of skills gained through training at the Florida State Fire College	ACT 3410 Provide state, local, and business professional training & education   
53	Challenges to examination results and eligibility determination as a percent of those eligible to challenge	ACT 3410 Provide state, local, and business professional training & education   
54	Number of students trained and classroom contact hours provided by the Florida State Fire College	ACT 3410 Provide state, local, and business professional training & education   
55	Number of examinations administered	ACT 3421 Provide state, local, and business professional standards, testing and statutory compliance   
56	Percent of Fire College students passing certification exam on first attempt	ACT 3410 Provide state, local, and business professional training & education   

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300500 FY 2009-10 (Words)	Associated Activities Title
57	Administrative costs as a percent of program agency costs	ACT 0010 Executive Direction   
58	Administrative positions as a percent of total program positions	ACT 0010 Executive Direction   
59	Number of evidence sample analyses / examinations processed and photographic services provided	ACT 3510 Provide forensic laboratory services   
60	Number of total incidents reported to the Florida Fire Incident Reporting System	ACT 3520 Fire Incident Reporting   

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43400100 FY 2009-10 (Words)	Associated Activities Title
61	Average operational cost per claim worked	ACT 4110 Provide adjusting services on state workers' compensation ACT 4120 Provide adjusting services on state liability claims ACT 4130 Process property claims on state-owned buildings (structure & contents)
62	Number of workers' compensation claims requiring some payment per 100 FTE employees	ACT 4110 Provide adjusting services on state workers' compensation
63	Average cost of workers' compensation claims paid	ACT 4110 Provide adjusting services on state workers' compensation
64	Percent of liability claims closed in relation to liability claims worked during the fiscal year	ACT 4120 Provide adjusting services on state liability claims
65	State employees' workers' compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employees' payroll as compared to prior years	ACT 4110 Provide adjusting services on state workers' compensation
66	Percent of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, F.A.C.	ACT 4110 Provide adjusting services on state workers' compensation
67	Number/percent of responses indicating the risk services training they received was useful in developing and implementing risk management plans in their agencies	ACT 4140 Provide risk services training and consultation <b>REQUESTING DELETION OF MEASURE</b>
68	Average cost of tort liability claims paid	ACT 4120 Provide adjusting services on state liability claims
69	Average cost of federal civil rights liability claims paid	ACT 4120 Provide adjusting services on state liability claims
70	Average cost of property claims paid	ACT 4130 Process property claims on state-owned buildings (structure & contents)
71	Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made	ACT 4140 Provide risk services training and consultation
72	Number of workers' compensation claims worked	ACT 4110 Provide adjusting services on state workers' compensation
73	Number of liability claims worked	ACT 4120 Provide adjusting services on state liability claims
74	Number of workers' compensation claims litigated	ACT 4110 Provide adjusting services on state workers' compensation
75	Number of state property loss/damage claims worked	ACT 4130 Process property claims on state-owned buildings (structure & contents)

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500100 FY 2009-10 (Words)	Associated Activities Title
76	Ratio of companies in receivership discharged to the number of companies placed in receivership during the fiscal year	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
77	Maximum number of insurance companies entering rehabilitation or liquidation	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies REQUESTING DELETION OF MEASURE
78	Percent of appraised value of assets liquidated for real property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
79	Percent of appraised value of assets liquidated for personal property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
80	Total number of insurance companies in rehabilitation or liquidation during the year	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies REQUESTING DELETION OF MEASURE

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500200 FY 2009-10 (Words)	Associated Activities Title
81	Maximum percent of insurance representatives requiring discipline or oversight	ACT 5250 Investigate Agents & Agencies ACT 5240 Administration of education requirements (pre-licensing and continuing education) ACT 5210 Review Applications for licensure (qualification)
82	Number of applications for licensure processed	ACT 5210 Review Applications for licensure (qualification) REQUESTING DELETION OF MEASURE
83	Number of appointment actions processed	ACT 5230 Administer the appointment process from employers and insurers REQUESTING DELETION OF MEASURE
84	Number of applicants and licenses required to comply with education requirements	ACT 5420 Administration of education requirements (pre-licensing and Continuing Education) REQUESTING DELETION OF MEASURE
85	Number of examinations administered and licenses authorized	ACT 5220 Administer examinations and issue licenses REQUESTING DELETION OF MEASURE
86	Number of agent and agency investigations completed	ACT 5250 Investigate Agents & Agencies REQUESTING DELETION OF MEASURE
87	Number of agent and agency investigations opened	ACT 5250 Investigate Agents & Agencies REQUESTING DELETION OF MEASURE
88	Percent of investigative actions resulting in administrative action against agents and agencies	ACT 5250 Investigate Agents & Agencies REQUESTING DELETION OF MEASURE

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500300 FY 2009-10 (Words)	Associated Activities Title
89	Percent of insurance fraud cases presented for prosecution by law enforcement investigators	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  
90	Number of insurance fraud investigations completed (not including workers' compensation cases)	ACT 5310 Investigate insurance fraud (general)  
91	Number of worker's compensation insurance fraud investigations completed (not including general fraud investigations)	ACT 5320 Investigate workers' compensation insurance fraud  
92	Number of cases presented for prosecution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  
93	Dollar amount of restitution ordered by the court as a percent of the amount recommended by the Department for fraud investigations, by year ordered	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  
94	Dollar amount of recommended orders of restitution, per capita	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500400 FY 2009-10 (Words)	Associated Activities Title
95	Percent of consumer activities that result in quality service and consumer satisfaction	ACT 5410 Respond to consumer requests for assistance ACT 5420 Provide consumer educational activities ACT 5430 Answer consumer telephone calls REQUESTING DELETION OF MEASURE
96	Number of consumer educational materials created and distributed	ACT 5420 Provide consumer educational activities REQUESTING DELETION OF MEASURE
97	Number of telephone calls answered through the consumer helpline	ACT 5430 Answer consumer telephone calls REQUESTING DELETION OF MEASURE
98	Number of consumer requests and information inquiries handled	ACT 5410 Respond to consumer requests for assistance REQUESTING DELETION OF MEASURE

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500500 FY 2009-10 (Words)	Associated Activities Title
99	Number of cemetery and certificate of authority examinations completed	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance <b>REQUESTING DELETION OF MEASURE</b>



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43600100 FY 2009-10 (Words)	Associated Activities Title
100	Percent of first indemnity payments made timely	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
101	Percent of injured workers returning to work at 80% or more of previous average quarterly wage during the four-quarter period following the quarter of injury	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments <b>REQUESTING DELETION OF MEASURE</b>
102	Number of claim files reviewed annually	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
103	Number of employer investigations conducted	ACT 6120 Verify that employers comply with workers' compensation laws
104	Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers,
105	Percentage of injured workers that obtain one or more benefits due to intervention by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers,
106	Percentage of injured workers verbally contacted by an Employee Assistance Office representative	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers
107	Number of reimbursement requests (SDF-2) audited	ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions
108	Number of reimbursement requests (SDF-2) paid	ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions
109	Amount of assessment dollars collected - WCATF	ACT 6150 Collection of assessments from workers' compensation insurance providers <b>REQUESTING DELETION OF MEASURE</b>
110	Amount of assessment dollars collected - SDTF	ACT 6150 Collection of assessments from workers' compensation insurance providers <b>REQUESTING DELETION OF MEASURE</b>

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2008-09	
SECTION I: BUDGET		OPERATING	FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			284,160,417
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			18,482,660
FINAL BUDGET FOR AGENCY			302,643,077
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost
		(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)			0
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		14,163	47.96
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		62,082	22.52
Investment Of Public Funds * Dollar Volume of Funds Invested		16,000,000,000	0.00
Provide Cash Management Services * Number of cash management consultation services.		28	9,318.25
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		9,999,487	0.15
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,210,591	0.84
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		34,918	123.64
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		13,651,703	0.08
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements.		573,993	7.11
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements.		6	263,212.17
Process State Employees Payroll * Payroll payments issued.		3,385,211	0.66
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes.		17	23,441.88
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		21	48,393.33
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		1,301,872	1.98
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		302,808	8.47
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,312	58.66
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		17,188	239.09
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		789	721.95
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		4,378	130.11
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		5,600	2,451.51
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		179,074	27.56
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,696	282.08
Provide Forensic Laboratory Services * Number of photographic images processed.		12,963	81.87
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,125,886	0.20
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		22,088	184.78
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,490	568.40
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		156	3,719.64
Provide Risk Services Training And Consultation * Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made.		355	1,352.34
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		45	23,764.31
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		113,223	33.16
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		103,478	38.61
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,622,900	0.52
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		159,347	2.83
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,165	1,721.33
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,402	10,962.65
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		569	8,457.77
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		39,221	148.68
Provide Consumer Education Activities * Number of consumer educational materials created and distributed.		111,700	12.19
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		293,067	18.85
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed		1,976	1,224.06
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		81,893	58.97
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		29,166	464.25
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		1,981	2,772.26
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		3,727	377.80
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		154,875,227	0.00
Occupation Injury And Illness Survey * Number of injuries and illnesses and incidence rates of injuries/illnesses.		11,898	47.75
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,595,795	1.03
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		1,687	841.91
Approve And License Entities To Conduct Insurance Business. * Number of applications processed.		243	3,632.42
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		630	5,599.40
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		9,656	1,833.82
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		20,604	412.07
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		367	32,986.46
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		38,545	81.07
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * Number of domestic financial institutions examined to ensure safety and soundness.		295	40,130.61
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		26	31,954.46
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity		195	28,893.14
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance. * Examinations of money services businesses conducted to determine compliance with regulations.		188	15,189.96
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		280	20,901.15
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		81,718	29.42
TOTAL			224,577,534
SECTION III: RECONCILIATION TO BUDGET			
PASS THROUGHS			
TRANSFER - STATE AGENCIES			
AID TO LOCAL GOVERNMENTS			
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS			
OTHER			51,662,476
REVERSIONS (Includes 10,241,342 Domestic Security re-appropriation/SB2600 Section 48)			26,403,081
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)			302,643,091

### SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

- (1) Some activity unit costs may be overstated due to the allocation of double budgeted items.  
(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.  
(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.  
(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

-----  
 ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

-----  
 THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

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 THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:  
 (NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

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 THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43010200	1602000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	308,008	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	890,039	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,258,007	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	481,749	
43200100	1601000000	ACT2180	FLAIR AND CMS REPLACEMENT PROJECT	12,852,583	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	1,811,734	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,104,931	
43500400	1205000000	ACT5490	TRANSFER TO FLORIDA CATASTROPHIC	3,000,000	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	7,480,834	
43600100	1102020000	ACT6020	TRANSFER TO UNIVERSITY OF SOUTH	100,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	623,512	
43200100	1601000000	ACT9200	AMERICAN RECOVERY AND REINVESTMENT	476,932	
43900110	1204000000	ACT9220	TITLE INSURANCE ADVISORY COUNCIL	242,003	
43500400	1205000000	ACT9900	MY SAFE FLORIDA HOME PROGRAM	1,032,144	

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 TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	302,643,077	
TOTAL BUDGET FOR AGENCY (SECTION III):	302,643,091	
DIFFERENCE:	-14	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## **GLOSSARY OF TERMS AND ACRONYMS**

**Activity:** A unit of work which has identifiable starting and ending points, consumes resources, and produces outputs. Unit cost information is determined using the outputs of activities.

**Actual Expenditures:** Includes prior year actual disbursements, payables and encumbrances. Payables and encumbrances are certified forward at the end of the fiscal year. They may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not shown in the year the funds are disbursed.

**Appropriation Category:** The lowest level line item of funding in the General Appropriations Act which represents a major expenditure classification of the budget entity. Within budget entities, these categories may include: salaries and benefits, other personal services (OPS), expenses, operating capital outlay, data processing services, fixed capital outlay, etc. These categories are defined within this glossary under individual listings. For a complete listing of all appropriation categories, please refer to the ACTR section in the LAS/PBS User's Manual for instructions on ordering a report.

**Baseline Data:** Indicators of a state agency's current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees.

**BFFEA: Bureau of Forensic Fire and Explosives Analysis**

**Budget Entity:** A unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. "Budget entity" and "service" have the same meaning.

**CAFR** – Comprehensive Annual Financial Report

**CIO** - Chief Information Officer

**CIP** - Capital Improvements Program Plan

**D3-A:** A legislative budget request (LBR) exhibit which presents a narrative explanation and justification for each issue for the requested years.

**Demand:** The number of output units which are eligible to benefit from a service or activity.

**DFS** – Department of Financial Services

**EOG** - Executive Office of the Governor

**Estimated Expenditures:** Includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills.

**FCO - Fixed Capital Outlay**

Fixed Capital Outlay: Real property (land, buildings including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

**FLAIR - Florida Accounting Information Resource Subsystem**

Florida Advisory Committee on Arson Prevention (FACAP): A non-profit corporation, founded in 1975, made up of personnel from the Bureau of Fire and Arson Investigations, Division of State Fire Marshal; federal, county and city law enforcement officers throughout the state, fire service personnel, insurance representatives, private arson investigators, attorneys and others engaged, on a continuing basis, in eradicating arson in Florida.

**F.S. - Florida Statutes**

**GAA - General Appropriations Act**

**GR - General Revenue Fund**

High Hazard (building inspections): Any building or structure, containing combustible or explosive matter; where persons receive educational instruction; that is a non-private dwelling residence; or contains three or more floor levels.

Indicator: A single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure.”

Information Technology Resources: Includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training.

Input: See Performance Measure.

Interagency Advisory Council on Loss Prevention: Representatives from state agencies meet quarterly to discuss safety problems within Florida state government, to attempt to find solutions for these problems, and, when possible, to assist in the implementation of the solutions.

**IOE - Itemization of Expenditure**

**IT - Information Technology**

Judicial Branch: All officers, employees, and offices of the Supreme Court, district courts of appeal, circuit courts, county courts, and the Judicial Qualifications Commission.

**LAN** - Local Area Network

**LAS/PBS** - Legislative Appropriations System/Planning and Budgeting Subsystem. The statewide appropriations and budgeting system owned and maintained by the Executive Office of the Governor.

**LBC** - Legislative Budget Commission: A standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature.

**LBR** - Legislative Budget Request: A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

Life Safety Code: Also known as NFPA 101, it is a publication of the National Fire Protection Association (NFPA). In 1998, the Florida Legislature mandated that NFPA 101 and NFPA 1, the Uniform Fire Code, be adopted by the Florida State Fire Marshal as the base codes for the Florida Fire Prevention Code. With the adoption of the 2006 edition of the Life Safety Code along with the State Fire Marshal's adaptations for Florida, it will be entitled NFPA 101—2006 Florida Edition. The entire Florida Fire Prevention Code is scheduled to become effective on October 1, 2008, to match the planned effective date for the Florida Building Code.

**L.O.F.** - Laws of Florida

Loss Payment Revolving Fund: A fund maintained in a controlled disbursement/positive payment bank account for claim-related payments to claimants and vendors for casualty and property lines of coverage.

**LRPP** - Long-Range Program Plan

Long-Range Program Plan: A plan developed on an annual basis by each state agency that is policy based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

**NASBO** - National Association of State Budget Officers

Narrative: Justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed.

National Fire Incident Reporting System: A national database that collects data nationwide on all fire incidences and provides reports to interested parties for development of local and national fire prevention policies.

National Fire Protection Association (NFPA): A private, non-profit corporation whose mission is “to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus, codes and standards, research, training, and education.” It has more than 81,000 U.S. and international members representing more than 80 national trade and professional organizations. NFPA drafts and publishes over 300 fire prevention codes and standards, and is an authoritative source on fire safety and public safety. Its codes and standards have been adopted by state and local governments, including the State of Florida.

Nonrecurring: Expenditure or revenue which is not expected to be needed or available after the current fiscal year.

**OPB** - Office of Policy and Budget, Executive Office of the Governor

Outcome: See Performance Measure.

Output: See Performance Measure.

Outsourcing: Means the process of contracting with a vendor(s) to provide a service or an activity. Management responsibility is transferred to the vendor for the delivery of resources and performance. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission.

Pass Through: Funds that the state distributes directly to other entities, e.g., local governments, without being managed by the agency distributing the funds. These funds flow through the agency’s budget; however, the agency has no discretion regarding how the funds are spent, and the activities (outputs) associated with the expenditure of funds are not measured at the state level. *NOTE: This definition of “pass through” applies ONLY for the purposes of long-range program planning.*

Performance Ledger: The official compilation of information about state agency performance-based programs and measures, including approved programs, approved outputs and outcomes, baseline data, approved standards for each performance measure and any approved adjustments thereto, as well as actual agency performance for each measure.

Performance Measure: A quantitative or qualitative indicator used to assess state agency performance.

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services.
- Outcome means an indicator of the actual impact or public benefit of a service.
- Output means the actual service or product delivered by a state agency.

Policy Area: A grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code.

Primary Service Outcome Measure: The service outcome measure which is approved as the performance measure which best reflects and measures the intended outcome of a service. Generally, there is only one primary service outcome measure for each agency service.

Privatization: Occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service.

Process Mapping: Process mapping creates a workflow diagram intended to help clarify the steps in a series of routine, repeated activities. Diagramming is used to understand inputs received, activities conducted and outputs sent to a customer. Process maps are used to identify gaps and duplications as well as measure tasks and activities.

Program: A set of services and activities undertaken in accordance with a plan of action organized to realize identifiable goals and objectives based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word "Program." In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. "Service" is a "budget entity" for purposes of the LRPP.

Program Purpose Statement: A brief description of approved program responsibility and policy goals. The purpose statement relates directly to the agency mission and reflects essential services of the program needed to accomplish the agency's mission.

Program Component: An aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting.

Qualified public depositories: Banks, savings banks, or savings associations that are organized and exist under the laws of the United States, the laws of this state or any other state or territory of the United States. They have their principal place of business or a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in Florida. Qualified public depositories have deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss. 1811 et seq. and have procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits. They



meet all the requirements of Chapter 280, F.S. and have been designated by the Chief Financial Officer as a qualified public depository.

Records Retention Schedules: Retention schedules identify agency records and establish minimum periods of time for which the records must be retained based on the records' administrative, fiscal, legal, and historical values. The Department of State administers Florida's Records Management Program which requires an inventory of records maintained by an agency and the identification of existing retention schedules or the establishment of new retention schedules.

Recurring (building inspections): Any building or structure not under the High Hazard definition.

Regional Domestic Security Task Forces: Each task force consists of representatives from law enforcement, fire rescue, health and medical and emergency management/regulatory. Each component plays a vital role in efforts to prevent a terrorist attack and, if necessary, responds immediately to and coordinates efforts at disaster sites.

Reliability: The extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use.

Service: See Budget Entity.

Service of Process: All authorized insurers (insurance companies) registered to do business in the State of Florida are required to designate the Chief Financial Officer of Florida as their Registered Agent for Service of Process. These processes (Summons & Complaint or Subpoenas) may be delivered by personal service or mail.

Special Purpose Investment Account (SPIA): An optional investment program open to any entities established by the Florida Constitution or Florida Statutes. The Division of Treasury manages a fixed income investment operation for both general revenue and trust funds in the Treasury and funds of organizations participating in the Treasury SPIA.

Standard: The level of performance of an outcome or output.

Statement on Auditing Standards (SAS) No.70, Service Organizations: A service auditor's examination performed in accordance with SAS No. 70 (a recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA)) is widely recognized, because it represents that a service organization has been through an in-depth audit of its control objectives and control activities, which often include controls over information technology and related processes.

State Wide Cost Allocation Plan (SWCAP): The methodology used to allocate general and administrative costs to various programs, grants, contracts and agreements. The plan identifies costs associated with programs; describes the programs for which cost data is needed; includes the methodology for identifying program-specific costs; and displays the techniques used to accumulate cost data. Florida's SWCAP requires that each state agency and the judicial branch

include a prorated share of general and administrative costs, such as accounting, provided by central service agencies. For federal grants or contracts, these costs are reimbursable to the state pursuant to the provisions of U.S. Office of Management and Budget Circular A-87. DFS ensures that the SWCAP presents the most favorable allocation of central services costs allowable to the state by the federal government.

**STO** - State Technology Office

**SWOT** - Strengths, Weaknesses, Opportunities and Threats

**TCS** - Trends and Conditions Statement

**TF** - Trust Fund

**TRW** - Technology Review Workgroup

Unit Cost: The average total cost of producing a single unit of output – goods and services for a specific agency activity.

United States Fires Administration: Federal sub-agency that provides a clearing house for national fire issues and is the repository of the National Fire Incident Reporting System

Validity: The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

**WAGES** - Work and Gain Economic Stability (Agency for Workforce Innovation)

**WAN** - Wide Area Network (Information Technology)



## OFFICE OF INSURANCE REGULATION

**KEVIN M. MCCARTY**  
COMMISSIONER

September 30, 2009

Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

Jo Ann Leznoff, Council Director  
House Full Appropriations Council on General Government & Health Care  
221 Capitol  
Tallahassee, Florida 32399-1300

Cynthia Kelly, Staff Director  
Senate Policy and Steering Committee on Ways and Means  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Office of Insurance Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2010-11 through Fiscal Year 2014-2015.

Should further information be required, please contact me at (850) 413-5100.

Sincerely,

Audrey S. Brown

**FINANCIAL SERVICES  
COMMISSION**

**CHARLIE CRIST**  
GOVERNOR

**ALEX SINK**  
CHIEF FINANCIAL OFFICER

**BILL MCCOLLUM**  
ATTORNEY GENERAL

**CHARLES BRONSON**  
COMMISSIONER OF  
AGRICULTURE

• • •

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Affirmative Action / Equal Opportunity Employer

**FINANCIAL SERVICES COMMISSION**

**OFFICE OF INSURANCE REGULATION**



**Long-Range Program Plan**

**FY 2010-11 through 2014-15**

***Kevin M. McCarty***  
***Commissioner***

# **OFFICE OF INSURANCE REGULATION MISSION AND GOALS**

## **Mission Statement**

To ensure that insurance companies licensed to do business in Florida are financially viable; operating within the laws and regulations governing the insurance industry; and offering insurance products at rates that are not excessive, inadequate, and which do not unfairly discriminate against the buying public.

## **Vision**

The Florida Office of Insurance Regulation envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

## **AGENCY GOALS**

The Office has established the following goals as priorities. The paragraphs immediately following each goal describe the compelling trends and conditions that identify the goal as an Office priority. Additionally, significant legislation and technology initiatives related to the goals are referenced.

**GOAL #1: Influence insurance markets where possible to make available insurance products that offer fair, understandable coverage and are not priced in a manner that is discriminatory, excessive or inadequate for the coverage provided.**

The business units within the Office that contribute to this goal are Property & Casualty Product Review (PCPR) and Life and Health Product Review (LHPR).

The Office is responsible for the review of form and rate filings submitted by insurers and other insurance related entities. Form filings include policy forms (contracts), new products or changes to existing products. Rate filings are requests from the insurer to maintain, increase or decrease the rates of certain products. These policy forms and rates receive rigorous review by Office staff to determine their compliance with Florida Statutes and to ensure that the products are offered at a fair and adequate price and that they do not unfairly discriminate against the public. For Fiscal Year 2008-2009, the PCPR unit processed 11,589 form and rate filings in an average of 42 days. The LHFO unit process 9,015 in 20 days.

In 1995, the former Department of Insurance initiated a Filing and Compliance Symposium to provide a forum for insurance industry personnel to learn about the Office's electronic filing system (I-File), to be briefed on new legislation and current topics in the marketplace, and to discuss the basics about how companies can improve the quality of rate and form filings in order to facilitate more timely reviews and approvals.

The Symposium became a success and the Office's partnership with the industry has expanded participation and interest in the forum. In 2008, more than 400 industry representatives attended the Symposium. However, due to severe budget cuts the Office may not host the Symposium in 2010. If a Symposium is held, it will be a much scaled down version.

### **Significant Legislation**

#### 2009 Senate Bill 1122 – Health Insurance/Payment of Claims

This bill requires insurers to make payments directly to any provider not under contract with the insurer if the insured makes a written assignment of benefits. Under previous law, direct payments by an insurer were only required for emergency services and care. This new provision retained the requirement that payment from the insurer to the provider may not be more than the amount the insurer would have paid to the insured, if an assignment had not been executed. The new provision prevents insurance contract provisions that would limit the direct payment of providers. Under previous law, the out-of-network

provider could balance bill the insured the difference in the amount paid by the insurer and the amount charged for the out-of-network provider.

The bill further provides that this act would be repealed on July 1, 2012 if the Office of Program Policy Analysis and Government Accountability (OPPAGA) determines, through a study, that the act causes the state group health plan to suffer a net loss of physicians from its preferred provider plan network and, as a direct result, causes an increase in costs to the state group health plan.

#### 2009 House Bill 675 – Medigap

This bill pertains to changes in the “Florida Medicare Supplement Reform Act,” which was re-titled as the “Alonzo Mourning Access to Care Act.”

Section 627.6741, F.S. was amended to extend open enrollment rights and requires insurers issuing Medicare supplement policies to also offer coverage to those individuals under age 65 and eligible for Medicare by reason of disability or end-stage renal disease. The individual must be enrolled in Medicare Part B. An insurer may not exclude benefits for individuals eligible by disability or end-stage renal disease based on a pre-existing condition if the individual has a continuous period of creditable coverage.

The initial 6-month enrollment period begins October 1, 2009. An insurer currently offering coverage for Medicare enrollees under age 65 may, for one time only, effect a rate schedule change that redefines the age bands of the premium classes without activating a period of discontinuance. An insurer is allowed to consider the experience of policies covering individuals under age 65 and eligible for Medicare by reason of disability or end-stage renal disease separately from the balance of the block, until 2015.

#### 2008 Senate Bill 2082 - “John and Patricia Seibel Act”

This bill increases penalties for specified unfair or deceptive trade practices related to the sale of life insurance and annuity contracts. It also strengthens the standards for making recommendations to seniors about the appropriateness of purchasing annuities.

Imposes increased fines and penalties for the unfair and deceptive insurance practices known as "twisting" and "churning," and adds a prohibited practice of submitting a document with a false signature to an insurer on behalf of a consumer. "Twisting" and "churning" involves misleading representations in an attempt to induce a consumer to cash in funds from a current investment or insurance product to purchase another product. Classifies this practice of "twisting" and "churning" as a first degree misdemeanor, and willfully submitting a false signature would now be a third degree felony. Increases fines (administrative penalties) for these practices:

- ⌘ \$5,000 for each non-willful violation (previously \$2,500), up to a maximum aggregate amount of \$50,000 (previously \$10,000).
- ⌘ \$30,000 for each willful violation (previously \$20,000), up to a maximum aggregate amount of \$250,000 (previously \$100,000).
- ⌘ Makes it an unfair or deceptive insurance practice for an agent to use designations or titles that falsely imply that he or she has special financial knowledge or training.

*Sales of Annuities to Senior Consumers* - Strengthens the standards that apply to recommendations to a senior consumer to purchase an annuity contract. Specifically:

- ⤴ Requires that the insurer or insurance agent have an objectively reasonable basis for believing that an annuity recommendation to a senior consumer is suitable.
- ⤴ Requires insurance agents, prior to recommending a product to a senior consumer, to obtain specified personal and financial information from the consumer relevant to the suitability of the recommendation on a form adopted by the Department of Financial Services (DFS).
- ⤴ Requires the insurer or agent to provide the consumer with an information form adopted by DFS concerning differences between the annuity recommended for purchase and the existing annuity that would be surrendered or replaced.
- ⤴ Authorizes the Office of Insurance Regulation (Office) to order an insurer to void an insurance policy or annuity and provide a full refund of the premiums paid or accumulation value, whichever is greater, when a senior consumer is harmed due to a violation of the suitability statute.
- ⤴ Requires insurers, managing general agents, and insurance agencies to make available to DFS (or Office) records of information collected from consumers and other information for five years after the insurance transaction has been completed.
- ⤴ Deems that any person who is registered with a member of the federal Financial Regulatory Authority, and who is required to make a suitability determination, is deemed to have satisfied the statutory requirement.

*"Free Look" Period; Annuity Regulation* - Increases the "free look" period from 10 days to 14 days. Following the purchase of a life insurance or fixed annuity, the consumer has a "free look" period in which they can request a refund at no charge. Expands this benefit to all annuities, not merely "fixed" annuities. Clarifies the regulatory jurisdiction of the agencies under DFS regarding the sale of annuities.

#### *Other Provisions*

- ⤴ Requires applicants for agent licensure to provide their home and business telephone numbers and email address in the application and to notify the department within 60 days of any changes.
- ⤴ Requires all licensees to complete three hours of DFS-approved continuing education on the subject of suitability in annuity and life insurance transactions. The hours may be used to satisfy the current ethics continuing education requirement.

#### 2008 Senate Bill 2534 - Health Insurance

This bill enacted in 2008 initiated two new programs designed to provide more affordable health care access to uninsured individuals and for small employers.



### *Cover Florida Health Access Program*

The "Cover Florida Health Access Program Act" was designed to provide affordable health care options for uninsured residents. This program allows insurers, HMOs, health-care-sponsored-organizations, and/or health care districts to offer consumers a choice of benefit plans at affordable prices. A Cover Florida plan entity must provide non-catastrophic coverage and may provide catastrophic coverage, supplemental insurance, and discount medical plan product options to enrollees.

#### *Enrollment Eligibility Requirements:*

- Resident of Florida;
- Ages 19 to 64;
- Not covered by private insurance or eligible for public insurance; and
- Uninsured for at least the prior six months, with exceptions for persons who lost coverage within the past six months under certain conditions.

#### *Administration of the Cover Florida Health Access Program:*

The Agency for Health Care Administration (AHCA) and the Office of Insurance Regulation (Office) are jointly responsible for establishing and administering the program. Cover Florida plans were selected through a competitive bidding process. Six private insurance companies were chosen based on their proposed innovative and affordable health insurance products. These six carriers have designed 27 health insurance products, with each carrier offering at least two benefit options.

The Office continues to monitor enrollment in the various plans, including regulatory review of the forms and rates. The AHCA ensures that the plans follow standardized grievance procedures.

By March 1 each year, AHCA and the Office are required to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the status of the program.

The legislation provided for rulemaking authority by AHCA and the Office. At this time, the Office is in the process of promulgating changes to Rule 69O-149, F.A.C. to further define filing requirements, form and marketing standards, rate standards, retention and maintenance of records and reporting as well as violations and penalties for non-compliance.

### *Florida Health Choices Program*

Another piece of the 2008 legislation created the Florida Health Choices Program (program), which is designed to be a single, centralized market for the

sale and purchase of health care products including, but not limited to: health insurance plans, HMO plans, prepaid services, service contracts, and flexible spending accounts. This program exempts products sold as part of the program from regulation under the Insurance Code and laws governing health maintenance organizations.

### *Eligibility and Enrollment*

The legislation provides that small employers (1-50 employees), certain eligible individuals, cities (population less than 50,000), fiscally constrained counties, municipalities having a population of fewer than 50,000 residents, school districts in fiscally constrained counties, and statutory rural hospitals are eligible to enroll. Eligible individuals include individual employees of enrolled employers, state employees ineligible for the state group insurance plan, state retirees, and Medicaid reform participants who opt-out.

### *Administration of the Program*

The legislation created the Florida Health Choice, Inc., as a not-for-profit corporation to administer the program and function similar to a third-party administrator (TPA) for employers participating in the program. The corporation is responsible for certifying vendors and ensuring the validity of their offerings.

The corporation is governed by a fifteen member board including:

- four members appointed by the Governor;
- four members appointed by the Senate President;
- four members appointed by the Speaker of the House;
- three ex-officio, non-voting members from the following agencies: Agency for Health Care Administration, Department of Management Services, and the Office of Insurance Regulation.
- The board members may not include insurers, health insurance agents, health care providers, HMOs, prepaid service providers, or any other entity or affiliate of eligible vendors.

The Board members have been appointed and the program is in the start-up process. Pro bono legal counsel was retained to draft, and the Board has adopted, bylaws. Minimal staff has been hired, and the search for an Executive Director is underway. The Commissioner has appointed a delegate to serve on the Board as a non-voting member, and the Office continues to monitor the program's progress.

### 2008 Senate Bill 2654 – Steven A. Geller Autism Coverage Act

This bill was signed into law by Governor Crist on May 28, 2008. This legislation created two new provisions for including coverage for children with autism and other developmental disabilities.

In the “Window of Opportunity Act,” under Section 624.916, F.S., the Office was charged with convening a workgroup by August 31, 2008 to develop and execute a compact relating to insurance coverage and access to services for persons with developmental disabilities. The Office was also charged with

convening a consumer advisory workgroup to provide a forum for comment on the negotiated compact.

The “Developmental Disabilities Compact Workgroup” adopted a compact in December 2008 that will extend benefits to persons with all developmental disabilities, not just to individuals with autism. The compact makes coverage available for persons with retardation, cerebral palsy, spina bifida, Prader-Willie syndrome, Down syndrome and autism spectrum disorder. One HMO, Total Health Choice, Inc. signed the compact.

The second piece of the bill, cited as the “Steven A. Geller Autism Coverage Act”, mandates coverage for autism spectrum disorder in the large group market (the large group market is defined as 51 or more employees in the group). Insurers and HMOs not signing the compact were required to offer the statutorily mandated coverage contracts issued or renewed after April 1, 2009. The mandated coverage enables beneficiaries with autism spectrum disorder to have access to up to \$36,000 of coverage each year subject to a lifetime cap of \$200,000 for services prescribed by their treating physician.

- *Mandated:*
  - Coverage: for autism spectrum disorder (autistic disorder, Asperberger’s syndrome, and pervasive developmental disorder not otherwise specified)
  - Well-baby and well-child screening for diagnosing the presence of autism spectrum disorder
  - Services: speech therapy, occupational therapy, physical therapy, and applied behavior analysis
  
- *Limitations:*
  - The general exclusions and limitations of the plan, such as participating provider requirements, case management, coordination of benefits, etc.
  - Treatment must be prescribed by insured’s treating physician in accordance with a treatment plan
  - \$36,000 annually and \$200,000 lifetime (to be adjusted annually by medical component of the Consumer Price Index)
  
- *Providers authorized to provide the services:*
  - A health care provider certified pursuant to s. 393.17 (for behavior analysts);
  - A health care provider licensed under chapter 490 (for psychological services); or
  - A health care provider licensed under chapter 491 (for clinical, counseling or psychotherapy services).

It is important to note that many large employers do not purchase an insurance policy or HMO contract directly. Most very large employers are actually “self-funded” but will contract with an insurance company or HMO to administer the

employer's health plan for employees. Self-funded plan members might well have an "insurance card" that looks similar to a card issued to a policyholder or HMO subscriber, but the carrier is acting only as an Administrator and not an insurer for that group.

An employer self-funded plan is not required to offer the autism spectrum disorder benefit – coverage under a self-funded health plan is regulated under federal law, not Florida law.

The legislation does require the State Employee Health Plan to provide this benefit.

## **Technology Initiatives**

### I-Portal & I-FILE

The Office has taken steps to reduce the burden of rate regulation on the insurance companies by increasing the speed and efficiency of rate and form filing review. In 2002, the design and implementation of an Internet portal (I-Portal) for submission of form and rate filings allowed our customers (the industry) to submit filings electronically, therefore eliminating the need to send copies of filings through the mail. These systems have increased our customer response time and the speed at which the industry is able to get new products or rates to the public. A company will go to the I-Portal and submit filings through I-File. With respect to on-going regulation, the Office plans to fully utilize current and developing electronic filing systems, which will improve production, efficiency, and monitoring.

### Property & Casualty Rate Data Collection & Management System (PCRDCMS)

To meet the changing needs of the insurance industry and changes in technology, the Office identified the need to replace the existing rate collection and rate management systems for the property and casualty lines of business and to expand the I-File system to incorporate filings in the commercial insurance market. In 2006 and early 2007, the Office developed a new property and casualty rate data collection and management solution and expanded the capabilities of I-File.

The project met the following objectives:

- ⤴ Automated data collection, receipt, transfer, review, analysis, tracking and reporting of commercial filings to increase the competition in the commercial insurance market thereby increasing premium taxes collected by the State.
- ⤴ Provides Consumer Rate Comparison data on the web so consumers can shop for insurance coverage for their personal property and business property.
- ⤴ Provides trending reports, thereby increasing the accuracy of economic analyses performed on rate histories.
- ⤴ Provides standardized data collection and management forms, thereby reducing input errors and decreasing technical staff time used to correct the errors by an estimated 12 hours per month and general analyst time by an estimated 25 hours per month.

- ⤴ Provides standardized data across systems for the management of filings thereby decreasing the time spent by technical staff on the review of filings.

The completed system provides Office staff with more enhanced management and reporting tools and provides consumers with the ability to search for sample rates for many property and casualty lines. The system also replaced six antiquated systems thereby decreasing the Office cost of maintaining systems.

### I-Apply

In 2009, the Office deployed a new system called I-Apply, which enables insurance companies to submit company applications electronically through the web. The intent of the new system is to decrease application processing time, thereby increasing speed to market of new insurance products for consumers and bringing enhanced competition to Florida's marketplace. The system does not reduce the scrutiny given to new insurance company applications, but enhances and organizes the information so that decisions may be made quickly and based on complete information.

The I-Apply project kickoff occurred in 2007. The project objectives included:

- ⤴ Providing an automated means for collecting and transferring data within Company and Other Related Entities Navigator (COREN) to facilitate collection, management and workflow of admissions applications and affiliated filings;
- ⤴ Providing a seamless integration with the NAIC Uniform Certificate of Authority Application (UCAA) and Form A (Acquisition Filings) Systems utilizing web-services solutions or dblink (whichever is appropriate) for data and document transmission;
- ⤴ Reducing errors and omissions that may otherwise be associated with employing a mixture of manual and automated methods for collecting, reviewing, analyzing and evaluating admission applications and affiliated filings;
- ⤴ Providing an interactive filing component solution to ensure all required information is completed during the filing process;
- ⤴ Designing enhancements to Applications Coordination's Workflow (AppCOORD) to allow the Office to more effectively manage the electronic routing and tracking of applications and affiliated filings;
- ⤴ Providing reports in formats that users can utilize and control;
- ⤴ Validating application data collected through the new electronic system prior to acceptance by Office;
- ⤴ Designing the system so that within Company and Other Related Entities (CORE)/AppCOORD, components can be added or removed due to changes in business requirements;
- ⤴ Designing the system so that it could interface with DFS applications (Agency & Agency Services, Rehabilitation and & Liquidation), and NAIC applications.

### Medigap

The 2007 Legislature authorized the development of a Medigap rate collection system to provide accurate, current rate pricing and availability of Medicare supplement insurance plans for seniors, consumers and their families to enable them to make more informed health coverage purchasing decisions and to enable the Office to quickly organize carrier submitted data for useful analysis for its stakeholders.

The Office has developed a system to efficiently collect rate information from insurers and provide an interactive web application to consumers, with which they can enter their demographic statistics and obtain prices for different plans and from different carriers. The system was designed, developed and ultimately deployed in 2009. The system is readily available to everyone—including the Department of Financial Services' Consumer Services group who provide one-to-one consumer counseling and the Agency of Health Care Administration (AHCA) for its various reporting needs and the Department of Elder Affairs' outreach program to senior citizens, Serving Health Insurance Needs of Elders (SHINE).

### [www.Shopandcomparerates.com](http://www.Shopandcomparerates.com)

In 2007, Governor Crist's office and the Office of Insurance Regulation launched "Shop and Compare Rates," a Web site that assists consumers comparing homeowners insurance rates throughout Florida. "Shop and Compare Rates" is an interactive tool available online at [www.ShopAndCompareRates.com](http://www.ShopAndCompareRates.com). The program assists consumers with comparing homeowners insurance rates in all 67 Florida counties. By clicking on each county, a consumer will see a pop-up window with a representative sample of companies and rates for insuring a typical Florida home. The list of insurers is sorted from the lowest to highest premium.

### Professional Liability Claims Reporting System (PLCR)

The Professional Liability Claims Reporting (PLCR) System, which is web-enabled, permits insurers to prepare and submit professional liability closed claims, as well as annual aggregate claims reports, to the Office, using the Internet. This system includes data fields that are required to meet statutory reporting requirements, permits collection of open claims financial information, and permits system users to file reports that reflect reconciliation of closed claims and financial data filed in required annual statements.

The Office produces annual reports, using the PLCR System, to identify insurers that conduct business in the State of Florida that have reported medical malpractice claims. The Office also produces annual reports, using this system, to identify health care facilities and health care practitioners within the State of Florida that have reported medical malpractice claims. These reports are forwarded to the Agency for Health Care Administration (AHCA) and to the Department of Health (DOH), together with requests that each agency reconcile their respective reports with licensed entities and to take appropriate corrective action with regard to those entities that have failed to report in accordance with Florida Statutes.

The Auditor General's staff completed an Operational Audit of the Office's Professional Liability Claims Reporting (PLCR) System in January 2007. The Office agreed with the Auditor General's recommendations, including: completing follow through action with respect to a revised approach to achieve data correction and validation; and exerting continued efforts to implement procedures to detect unreported claims.

The revised approach employed for data collection and verification includes:

- ⤴ Review and validation of entities that are required to report closed claims;
- ⤴ Review of previously employed data editing criteria associated with the PLCR System on a field-by-field basis for purposes of ensuring that data requirements and editing criteria are complete, including relationship editing criteria that are deemed to be necessary;
- ⤴ Execution of refined editing criteria, including relational editing criteria, against closed claims data, creation of error records for each entity observed to have errors or omissions and initiate appropriate data correction action, including preparing error records for each affected entity and forwarding correction requests to each such entity;
- ⤴ Maintain logs and listings that will permit tracking of data and information exchanges between the Office and affected entities;
- ⤴ Complete review and analysis of date updates submitted by each entity in order to ensure that each submission is accurate and complete;
- ⤴ Execute database updates, using edited, complete and accurate data submitted by each affected entity and following up on any errors or omissions that are observed during database update processes.

The Office is committed to detection of unreported closed claims. This includes requiring entities to submit a notification of "no claims submitted" and reconciliation of closed claims reported to affected entities' financial statements. The Office developed a Professional Liability Claims Reporting Instruction Manual in January 2007. This manual provides step by step instructions for handling and processing closed claims.

Implementation of CS/Senate Bill 2-D and related rules, including enforcement with appropriate penalties, data acquisition, processing and reporting support provided by the PLCR System, and coordination among the Office, AHCA, and DOH have resulted in more accurate Medical Malpractice Claims data and related reporting.

#### Small Employer Sample Rate Search (SESRS)

In June 2006, the Office launched a website that provides Floridians the ability to compare and search the benefits and premiums for small employer health plans offered in the state. Small businesses can use the site to obtain a sample monthly cost to provide health insurance for their employees. The Small Employer Sample Rate Search (SESRS) website gives small employers the ability to view small group major medical health insurance rates for standard, basic and high deductible health plans currently available in the state. Small

businesses can enter the number of employees in various categories and calculate an estimated monthly cost for their company.

In addition to searching for small group employer rates, the website has links for frequently asked questions on small employer health insurance, links to various health insurance consumer guides and information for consumers to request assistance for information on health insurance.

## **NAIC**

The Office is an active participant in the National Association of Insurance Commissioners (NAIC). Florida chairs the NAIC's Senior Issues Task Force, which deals with issues such as Medicare, Medicare supplement insurance, and long-term care insurance that affect so many of Florida's senior population. Other initiatives include improvements in state-based systems such as uniform product coding that allow companies to use common product names and codes for filings in states, uniform transmittal forms for product filings which will eliminate companies having to use different forms for each state that they are filing a new product; and speed to market goals which sets a standard turnaround for the final disposition on a policy form or premium rate filing. In addition, the Office of Insurance Regulation serves on the task force and sub-groups designated to develop standards for an Inter-State Compact. The Compact will allow companies to submit their life, annuity, and disability income policies and, upon approval, be allowed to market those products in each of the participating states.

### Multi-State Review Program

The Multi-State Review Program (MSRP) offers insurance companies the opportunity to submit an individual, online annuity contract filing simultaneously to member states. The founding states are Texas, California and Florida. Annuity filers use Florida's online I-File system <https://iportal.fldfs.com/ifile/default.asp> to submit filings, which are subject to the combined annuity review standards and provide companies with a simultaneous product approval in all participating states.

Participating insurers see a noticeable increase in their product speed to market and a reduction in administrative costs. Each paperless submission offers insurers the opportunity to obtain approval in 60 days or less with an average review period of 35 days and reach over a-quarter of the country's annuities market. The Office began work on developing life standards to allow for simultaneous review and approval of life insurance products, including riders, through the MSRP. Company participation in the MSRP is free (although some existing participating state filing fees may apply) and only requires an Internet connection.

## **GOAL #2: Protect the public from illegal, unethical insurance practices.**

The Market Investigations Unit monitors the activities of the Florida insurance marketplace to detect and address unfair trade practices and other Insurance Code violations that pose a risk of harm to consumers.



Nationally, there has been a shift away from performing routine examinations of insurers at regular intervals. The current trend is to conduct target (issue specific) examinations or to collaborate with other regulatory jurisdictions utilizing multi-state examinations. Target examinations more efficiently address issues that may affect a large number of Floridians, while multi-state examinations more efficiently address issues that may affect consumers in numerous states. Florida continues to identify significant issues through market analysis, which is a review and analysis of information reported in financial statements, complaint data, through lawsuit activity and other data sources, to determine whether or not a particular practice may be adversely affecting consumers. This enables the Office to concentrate its efforts on those practices that have the most potential for public harm.

In the aftermath of the 2004-2005 hurricanes, the Market Investigations Unit focused on property insurance issues and the myriad of issues surrounding hurricane claim payments. While property insurance issues will remain important in the years to come, the Unit will also focus on issues affecting senior consumers. In particular, sales practices to senior consumers in the annuity marketplace have drawn attention in recent years and these practices warrant further review by regulators and the industry. In addition, the Unit will continue to focus on preventing the sale of unauthorized insurance products to consumers.

In the coming years, Market Investigations will continue to take a proactive approach and conduct numerous examinations in order to verify that data required to be submitted by insurance companies to the Office is timely and accurately reported. This is an important task as the Legislature and other policymakers rely on this data when making policy decisions.

Goals for the years 2010-2015 include refining processes and procedures in order to efficiently conduct investigations and examinations, timely report results, and take appropriate administrative action to address violations of the Florida Insurance Code. During Fiscal Year 2008-2009, the Office collected \$17 million in fees, penalties and fines for violations of the insurance code.

Since the Cabinet Reorganization Act of 2002 and the creation of the Financial Services Commission, effective January 7, 2003, the Office has made significant efforts to provide restitution to Florida's policyholders. In Fiscal Year 2008-2009, the Office refunded more than \$68 million to Florida consumers.

**GOAL #3: Regulate the solvency of licensed insurance companies to address financial issues as early as possible to prevent unnecessary harm to consumers.**

The Office has the statutory responsibility of reviewing the financial books and records of insurance companies and related entities to ensure that they are financially viable and operating within the laws of Florida.

The activity of reviewing financial statements is divided into three areas of expertise: Life & Health Financial Oversight (LHFO), Property & Casualty

Financial Oversight (LHFO) and Specialty Product Administration (SPA). Each unit performs analysis of financial statements and on-site examinations of financial records for entities transacting insurance business in Florida.

In order to effectively regulate the financial viability of entities transacting business in Florida, the Office must establish and maintain communication channels with other states, the NAIC, the industry and consumers. The financial health of the insurance industry remains an ever-changing landscape and continues to challenge the Office's responsibility for regulating the financial health of the industry in Florida. Financial regulation is a delicate balance between ensuring that all entities maintain a sound financial position for its particular type of business without being so onerous as to negatively impact competition in the marketplace.

The Office is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. During financial analysis and examination of each regulated entity, a determination is made as to the quality of assets, adequacy of stated liabilities, general operating results to see if the condition of the company warrants continuation of its certificate of authority to operate in Florida.

In 2007, Section 624.316, Florida Statutes was amended to allow the Office to engage outside experts to conduct financial examinations and allow the Office to bill insurers for the cost of the examinations. Without this ability the Office would not have been able to complete statutorily required examinations and would have needed a substantial increase in resources.

### **Property & Casualty**

The 2004 and 2005 Hurricane Seasons saw eight major storms impact Florida resulting in 2.8 million policyholder claims worth an estimated \$36 billion. Many safeguards instituted since Hurricane Andrew, including the Florida Hurricane Catastrophe Fund, increased building code standards, and Citizens, proved very effective in girding the financial stability of the property insurance market. The 2005 Hurricane Season caused the insolvency of three insurers, all from the same group. Added to the single failure after the 2004 Hurricane Season, there have been only four insolvencies compared to Hurricane Andrew's 12 insolvencies.

However, a significant number of insurers have withdrawn from the residential property market and others have significantly curtailed writing. The Office has also seen issues with availability and affordability of catastrophe reinsurance. This contraction of private insurers offering residential property coverage has caused an increase in the number of policies being written by Citizens from less than 800,000 policies prior to the 2004 hurricane season to more than 1.3 million in 2007. Through depopulation efforts, in 2009 Citizens services approximately 1 million policies.

The Office remains committed to fostering and developing a robust competitive market for risk capital in Florida. The hurricanes of 2004 and 2005 resulted in a significant disruption in the pricing and availability of the risk capital upon which primary insurers rely to finance Florida's property insurance market.

The Office has initiated a systematic program to introduce a series of innovations that reflect recent developments in the risk transfer and capital markets. The objective is to reduce the frictional cost to primary insurers of obtaining catastrophic risk finance, while at the same time ensuring that effective risk transfer using these mechanisms enhances the financial solvency of the primary insurers, for the benefit of Florida's property insurance policy holders.

This is a long-term process. New markets and solvency frameworks take time to develop and expand. With continued effort and market acceptance, the end result will be a more stable insurance market in the state. Related objectives are as follows:

- ✧ Adapt the financial solvency oversight framework to reflect developments in the market with respect to legitimate effective risk transfer.
- ✧ Working with the legislative and executive branches, aid in creating market opportunities and structures to attract catastrophic risk finance capital.

### **Life, Health & Specialty**

Continuing Care Retirement Communities (CCRCs) present an ongoing issue of concern within the Office. CCRCs provide services to all segments of the senior population in Florida from those seeking an active lifestyle to those needing assistance with daily living. Included in these services are food, housing, transportation, social activities, wellness services, nursing care and personal services.

CCRCs serve a crucial need for the growing senior population in Florida. Economic conditions have proven a challenge for many of these entities. Most entities have experienced declining occupancy rates as prospective residents have been unable to afford the required entrance fees. The depressed market conditions have resulted in losses in the value of homes and other investments that seniors typically use to pay entrance fee. Entities have been responding by lowering fees to make CCRCs more affordable, but this has led to lower revenue at many of the entities which are also struggling with their own investment losses. In addition, entities are coping with increased medical care expenses due to higher staffing requirements, increased insurance expenses and expenses related to the repair and renovation of aging facilities. This is especially true with the recent changes in the property insurance market; many of the CCRCs are finding it difficult to afford their historical levels of property insurance. Several CCRCs have voiced concerns over not being able to find an insurer willing to write a windstorm policy. As of August 31, 2009, there were 75 CCRCs with certificates of authority in Florida.

Viatical settlement providers present continuing issues of concern within the Office. These entities buy life insurance policies from the policy owner for an amount less than the death benefit of the policy and then resell the policy and death benefit to investors. The investor makes premium payments to keep the policy in force and expects to profit upon the death of the insured. While

legislation was signed into law in Florida in 2005, making a “viatical settlement investment” subject to Florida’s Securities and Investor Protect Act, many areas of concern remain. Among the more complex issues requiring attention are the premium financing of life insurance premiums and stranger-originated life insurance (STOLI).

In general, STOLI transactions involve a plan to initiate, or originate a life insurance policy for the benefit of investors who seek to profit by purchasing life insurance on a stranger. STOLI is a scheme designed to procure life insurance on individuals, often using fraudulent means such as misrepresentation, falsification, or omission of material facts in the life insurance application. This may entail misrepresenting the true net worth of the proposed insured to obtain large face value life insurance policies.

STOLI transactions are occurring in Florida and involve Florida seniors who are induced into obtaining life insurance policies they otherwise would not buy or need. STOLI policies are procured in a manner that circumvents the insurable interest laws by allowing persons with no insurable interest in the life of the insured at the time of purchase to obtain a policy for which they could not directly apply.

#### STOLI Transactions Harm Seniors:

- Seniors may exhaust their life insurance purchasing capability and not be able to protect their own family or business.
- The incentives, especially cash payments, used to lure seniors to participate in STOLI schemes are taxable as ordinary income.
- Seniors may subject themselves or their estates to potential liability in the event the life insurance policy is rescinded by an insurer who discovers fraud.
- Seniors may encounter unexpected tax liability from the sale of the life insurance policy.
- The “free” insurance is not free and may be subject to tax based on the economic value of the coverage.
- Seniors have to give the purchaser, and subsequent purchasers, access to their medical records when they sell their life insurance policy in the secondary market so that investors know the health status of the insured. The investors want to know the “status” of their investment and how close they are to getting paid.
- STOLI may lead to an increase in life insurance rates for the over 65 population.

Third Party Administrators (TPAs) have historically presented issues of concern within the Office. These entities provide administrative services to Life and

Health Insurers, which include, but are not limited to: solicitation of insurance coverage, collection of premiums, and claims adjustment and settlement. TPAs generally handle millions of consumer premium dollars. Mismanagement and misappropriation of these funds, including a lack of proper internal controls can result in financial harm to insurers and consumers. In an effort to better ascertain the financial condition of TPAs and provide increased consumer protections, legislation was passed in 2005 which requires that all TPAs submit annual audited financial statements. Since inception of this law, there have been cases where the audited financial statements revealed statutory net worth violations and other financial problems that were not reported on the company's internally prepared annual report. The audited financial statements have been instrumental in helping the Office detect problems, seek corrective actions and resolutions from licensees, and provide greater consumer protections. As of August 31, 2009, there were 288 TPAs with certificates of authority to operate in Florida.

A major concern in the life and health arena is the long-term care insurance marketplace. Long-term care insurance was originally developed as a level premium product to provide for the long-term care needs of an aging population. Potential policyholders were encouraged to buy a policy at a young age in order to lock into an affordable premium. This product is relatively new in the development lifecycle and, it has become increasingly clear that many early carriers significantly underestimated the risk. As people are living longer, they are utilizing more long term care than had been anticipated when the early products were priced. Also, the early products assume lapse rates similar to other forms of insurance, which proved to be much higher than actual. Therefore, some of the major players in the market have requested substantial rate increases in order to cover the costs of increased utilization of these types of products and to maintain financial viability.

In this environment, the legislature authorized the Office to promulgate a Long Term Care rule that emphasizes the need that rates are established to withstand moderately adverse conditions and that provides consumers with options in the event of rate increases.

In 2005, the Office conducted a comprehensive study of Long Term Care (LTC) Insurance in an effort to find solutions to rate increases on older LTC policies and to enhance sales on newer adequately priced products. The collected feedback from the study, private insurers, consumers and the regulators as well as from the 2005 public hearing in Tampa, which ultimately led to the Long-Term Care Insurance market reforms of 2006.

### **Significant Legislation**

#### 2006 House Bill 947 – Long Term Care Insurance

In May 2006, Florida lawmakers approved a monumental senior protection bill that provides marketplace reforms that make Long-Term Care Insurance (LTCI) affordable, available, and marketable. House Bill 947 was unanimously passed and directed the Agency for Health Care Administration (AHCA) to establish a qualified state Florida Long-Term Care Partnership Program (LTCPP), in consultation with the Office of Insurance Regulation and the Department of

Children and Family Services. In addition to providing program requirements, the bill also provided that for purposes of determining Medicaid eligibility, assets in an amount equal to the insurance benefit payments made to, or on behalf of, an individual who is a beneficiary under a qualified state LTCPP in Florida shall be disregarded. Total countable assets for determining Medicaid long-term care eligibility are reduced by \$1 for each \$1 in paid out insurance benefits. The determination of eligibility for Medicaid benefits is complex and is determined separately from the LTCPPP policy. The asset disregard is exempted from the lien placed on the beneficiary's estate.

The bill also amended several laws governing long term care insurance as follows:

- ⤴ Incontestability – A long term care policy is incontestable after being in force for 2 years, except in instances of non-payment of premium; seniors know their insurer did a thorough job of reviewing their application and they will be protected from post-claim underwriting or any frivolous allegations of fraud when they apply for benefits. Under prior law, if an insurance company merely alleged fraud, a senior was denied benefits until a legal settlement was reached with seniors and their families, often settling for a lesser benefit than they originally purchased in their policy.
- ⤴ Prohibits an insurer from imposing a new waiting period when a policy is replaced through an affiliated insurer;
- ⤴ Requires that any long-term care insurance policy or certificate issued or renewed, at the policyholder's option, shall make available to the insured a contingent benefit upon lapse as approved in the LTCI Model Regulation adopted by the NAIC;
- ⤴ Prohibits existing policyholders from being charged premiums that exceed the premiums the insurer is charging new policyholders; and
- ⤴ Requires insurers to pool the claims experience of all affiliated carriers when calculating rates rather than only the policy forms providing similar benefits of the insured.

The Florida Office of Insurance Regulation adopted rules including standards applicable to new and existing long-term care insurance policies under the new Long-Term Care Partnership Program, effective August 1, 2007.

Long Term Care Insurance Partnership programs are beginning to take shape across the country. With support from the Robert Wood Johnson Foundation (RWJF), the Center for Health Care Strategies (CHCS) is working with Florida and other states — including the Medicaid agency, Department of Insurance, and other key state stakeholders — as they design and implement programs. CHCS is developing multiple policy and technical briefs on topics relating to Long Term Care Partnership programs as part of this assistance to its grantee states. CHCS shares them with states as they plan, or consider planning, a Partnership program.

Medicare Supplement insurance (Medigap) is a health policy sold by private insurance companies to fill the “gaps” in the federal Medicare coverage. Medigap policies help Florida's seniors pay some of the health care costs that the Medicare Plans do not cover. There are more than 100 companies insuring over

738,000 Florida lives with Medigap coverage. These insurers generated nearly \$1.4 billion dollars in taxable premium payments in 2008. By concept and design, currently issued Medigap policies are standardized for easy benefit comparison by the consumer. Currently, there are 12 standardized Medigap plans called "A" through "L." Each plan, A through L, has a different set of benefits. Plan A covers only a basic set of benefits, while the remainder of the plans build on each other and provide more comprehensive coverage.

**GOAL #4: Expand and retain companies doing business in Florida and provide transparency of insurance related data.**

During 2005, the Office created the Business Development and Market Research unit (BDMR). The unit is segregated into two sections; Business Development/Company Admissions Unit which is responsible for the retention and expansion of insurance companies in the Florida marketplace, and the Market Research Unit that serves as the information clearinghouse for the collection and dissemination of public data for the Office. The Business Development/Company Admissions Unit also manages the company application process and is responsible for the coordination of licensure approvals by the Commissioner.

The purpose of the Business Development/Company Admissions Unit is to work with Enterprise Florida and other economic development councils throughout the state to promote the benefits of expanding or moving lines of business to Florida and facilitating the regulatory process for established and new insurance companies. The primary role of the unit is to facilitate the regulatory process for companies and to streamline the many steps companies must take to comply with the Florida Insurance Code. The goal of this effort is to retain companies, while attracting new insurers and products to increase competition that ultimately benefits Florida's consumers. Another goal of the unit is to identify financially fit, highly rated companies not writing in Florida, communicate the positive aspects of the Florida marketplace by leveraging existing marketing efforts undertaken by Enterprise Florida, and incentivize them to expand or domesticate in Florida. As required by statute, this outreach to the marketplace is a program that has been developed within the existing resources of the Office.

As part of the outreach program, the Business Development/Company Admissions Unit works with Enterprise Florida and other economic development councils throughout the state to play a proactive role in promoting the opportunities available to insurance companies in the Florida marketplace. The unit is charged with continuously reviewing and where necessary, modifying certain of the Office's website information to accommodate the ever-changing statutory and business requirements in Florida's insurance market. Finally, the Business Development/Company Admissions Unit makes every effort to assist companies that have submitted applications for licenses or amendments to licenses as the application goes through the various steps in acceptance and the review process.

Since the creation of the Office in 2003, the number of entities regulated by the Office has increase from approximately 3,400 to over 3,900. In Fiscal Year

2008-2009, the insurance premium tax collected by the state of Florida was more than \$651 million.

The mission of the Market Research Unit (MRU) is to ensure the efficient and transparent management of the collection, validation, and analysis and subsequent republication of data, information and resource materials relating to the oversight and development of Florida's insurance markets for the Florida insurance consumer's ultimate benefit. To accomplish the goals of the unit, a Technology team was formed from the MRU staff to be responsible for the management of various Office computer applications. The activities of the Technology team include oversight of the development and maintenance of computer applications that are used in the collection, validation and dissemination of data associated with various regulatory functions.

The MRU provides research support and assistance in the preparation of reports and studies by providing information from collected data to substantiate findings. Other services provided by the Market Research Unit include the production of standardized reports as well as ad hoc reports for its varied constituency. Many of these reports are found on the Office's web site ([www.floir.com](http://www.floir.com)).



## AGENCY OBJECTIVES

**GOAL #1: Availability of insurance products that are not discriminatory, excessive or inadequately priced.**

OBJECTIVE 1A: Shorten the time it takes to make new products and services available.

OUTCOME: Percentage of rate and form reviews completed within 90 days

Baseline Year 2003-2004	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
91%	92%	92%	92%	92%	92%

OBJECTIVE 1B: Shorten the time it takes to allow new companies to enter the market

OUTCOME: Maximum number of days from date of applications for a new certificate of authority initially submitted to the Office to the date the Office approves or denies the application pursuant to 120.80(9), F.S.

Baseline Year 2003-2004	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
180	90	90	90	90	90

*NOTE: The statutory requirement is processing an application within 180 days of receipt by the Office; however, for the 20007-08 Fiscal Year, the average number of days to process an application was 55.*

**GOAL #2: Protect the public from unethical insurance practices.**

OBJECTIVE 2A: Ensure that allegations of unethical or fraudulent practices are acted upon.

OUTCOME: Percentage of market-conduct examinations that result in corrective action.

Baseline Year 2003-2004	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
63%	71%	75%	80%	80%	80%

**GOAL #3: Financially viable companies.**

OBJECTIVE 3A: Review, monitor and respond quickly to correct companies that are not meeting the required financial standards.

OUTCOME: Percentage of companies meeting required financial standards

Baseline Year 2003-2004	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
95%	96%	96%	96%	96%	96%

OBJECTIVE 3B: Timely review of company financial condition.

OUTCOME: Percentage of financial reviews completed within set standards.

Baseline Year 2003-2004	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
90%	98%	98%	98%	98%	98%

**GOAL #4: Expand and retain companies doing business in Florida and provide transparency of insurance related data.**

OBJECTIVE 4A: Provide requested data to Cabinet, Legislature, state agencies and consumers in a timely manner.

OUTPUT 1: Number of legislative/public information requests completed.

OUTPUT 2: Number of project requests received.

OBJECTIVE 4B: Provide a user friendly website with pertinent regulatory information.

OUTCOME: Percentage increase in the number of website hits, from the baseline year.

Baseline Year 2005-2006	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
303,610	1,050,000	1,102,500	1,157,625	1,215,506	1,250,000

OBJECTIVE 4C: Increase competition in the insurance market

OUTCOME: Number of new applications filed with the Office

Baseline Year 2005-2006	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2014	FY 2014-2015
567	656	689	723	760	760

**SERVICE OUTCOMES WITH PERFORMANCE PROJECTION TABLES**

**Program: Office of Insurance Regulation**

43900110 Compliance and Enforcement – Insurance

Authority: Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 631, 632, 634, 635, 636, 641, 642, 648, 651 and 817, Florida Statutes and applicable rules of the Florida Administrative Code

Description: This service protects the public through regulatory oversight of company solvency, policy forms and rates, and market investigations performance.

Service Outcome: Percent of reviews (financial, form & rate, market investigations) completed within set standards.

FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015
98%	98%	98%	98%	98%

43900120 Executive Direction and Support Services

Authority: Chapters 20, 186, 215, 216, 282, 283, and 287, Florida Statutes and applicable rules of the Florida Administrative Code.

Description: This service provides overall direction in carrying out the Office of Insurance Regulation’s statutory and administrative responsibilities. The Commissioner and support staff provide administrative support, leadership, direction and executive guidance in carrying out the Office’s statutory responsibilities.

Service Outcome: Administrative costs as a percent of total program costs

FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015
Less than 12.6%	Less than 12.6%	Less than 12.6%	Less than 12.6%	Less than 12.6%

## **Trends and Conditions**

### **Property Insurance**

Despite efforts by the Office and the Legislature in recent years, the Florida property insurance market continues to pose a significant challenge. The residual market, the Citizens Property Insurance Corporation (Citizens), provides a viable alternative for property owners who cannot find coverage in the voluntary market or who cannot find coverage except at an exorbitant rate. Although its growth has been stable for the past year, Citizens remains the largest writer of new insurance policies in the Florida property market. This is not desirable in the long run. In addition, several national insurers that wrote in Florida have withdrawn or significantly curtailed writing insurance in Florida since Hurricane Andrew in 1992 and even more since the 2004-2005 hurricanes. On the positive side, Florida is still viewed by some investors as a good place to do business as is evidenced by the 29 new domestic property writers that have formed since 2006.

A goal of the Office is to find an equilibrium at which, despite our natural hurricane risk, Florida property is insurable at rates that its citizens can tolerate which do not produce excessive profits nor result in losses for insurers that may make insurance less affordable. Adding to the challenge in past years has been the growth in exposure resulting from real estate development. The Florida Hurricane Catastrophe Fund has estimated Florida's hurricane risk to exceed \$2 trillion. Insurers cannot attract enough new capital, and new insurers cannot form fast enough to fill all of this growing need for insurance capacity. With recent economic conditions, some of this growth may slow, but adding new real estate, particularly to coastal areas, exacerbates the issues in the property market.

Likewise, failure to remediate older real estate adds to Florida's property risk. It became immediately apparent after the 2004-2005 storms that older homes that are not mitigated for hurricane risk fare much poorer than newer, more fortified homes. Likewise, the older condominium structures and mobile homes are primarily insured by Citizens.

The Office believes that improving the property market requires dramatic change in several key areas:

1. Reduce the risk. This includes mitigation of existing structures and increased vigilance in the permitting of new structures.
2. Eliminate as much fraud as possible. Insurers cannot write in areas where fraud is uncontrolled. Efforts to address this will include funding for vigorous prosecution of fraud in both claims and premium/application fraud.
3. Make certain that the policyholder has access to good information and then enable policyholders to make selections of coverage levels according to their individual needs.

4. Allow insurers to provide limited coverage for older structures that are unmitigated, and mobile homes. Allow pricing structures that encourage mitigation.
5. Eliminate expense from the system where possible without reducing customer service. Property insurance companies may use 25-30% of premium dollars for agent commissions and administration. Typically, the producing agent receives about 10% depending on the policy. The rest of this expense is consumed by administration of policies, managing general agents, financing costs, and other related costs. These costs should be transparent to the policyholder to position the policyholder to make choices accordingly.

^ Obviously, all of these initiatives are not within the purview of the Office. But working with the Legislature and other state agencies, the Office intends to promote ideas that will help to make property insurance more available and more affordable. Its regulatory focus will be consistent with these efforts.

The Office plans to focus its resources on solvency regulation, and on improving information available to the policyholders and the public as funding allows. In addition, the Office plans to work to improve insurance products offered to the public and to continue the effort to require insurers to have rates that are adequate, but not excessive, and not unfairly discriminatory. The Office has also been, and will continue to be, an advocate for the mitigation of homes and businesses against hurricane damage, and will seek opportunities for the reduction of risk to the state's real property as a result of natural disasters. Particular emphasis will be placed on nurturing the newer insurers that have formed in this state and that have the potential to insure more of Florida's property risk in the voluntary, private insurance market.

The Office is also engaged in state and national efforts to strengthen the ability of the Citizens Property Insurance Corporation and the Florida Hurricane Catastrophe Fund to finance and pay hurricane claims.

### **Health Insurance**

A subject of great concern both nationally and for the state of Florida is the rising cost and decreased availability of health insurance. In Florida alone there are 3.7 million people that do not have health insurance. Commissioner McCarty serves as the Chairman of the Florida Health Insurance Advisory Board (Board) and is responsible for appointing qualified, representative individuals to serve on the Board. The Board was established by the Florida Legislature in 1992 as the Small Employer Health Reinsurance Program for the purpose of promoting availability of health care coverage to small employers. At that time, the Board was primarily composed of representatives of health insurers licensed under chapter 624 or 641, Florida Statutes, who were tasked with facilitating standard and basic health benefit plans by providing reinsurance protection to small employer carriers and improving fairness and efficiency in Florida's small group health insurance market.

In 2005, the Legislature expanded the composition of the Board to include representatives of employers, an individual policyholder and a representative from the Agency for Health Care Administration (AHCA). The Board's responsibilities have also been expanded to serve in an advisory role to the Office of Insurance Regulation, AHCA, the Department of Financial Services, other executive departments and the Legislature on health insurance issues. Annually, the Board meets to fulfill their charges to issue a report on the state of the health insurance market in Florida and to hear testimony and make legislative recommendations for health care reforms.

The United States Congress is debating the pros and cons of sweeping health care reform, there is currently no solution to the health care affordability crisis. The Office continues to monitor federal legislation and the activities of other states that are proposing health care reforms to cover their uninsured and under insured.

### **Other**

There are many issues that can affect the affordability and availability of insurance to consumers. Affordability in some lines of insurance has improved dramatically. The workers compensation market is doing well, and has experienced reductions in claim costs and corresponding reductions in rates of more than 60% since 2003. Medical malpractice have also decreased since reforms in 2003.

## **NAIC & NCOIL**

There are two national organizations that directly impact state insurance regulation: the National Association of Insurance Commissioners (NAIC) and the National Council of Insurance Legislators (NCOIL). Insurance Commissioner Kevin McCarty was elected to serve as Secretary/Treasurer of the NAIC and Florida serves in many leadership roles with the NAIC.

### **NAIC**

The Office participates in activities that are initiated and coordinated by the National Association of Insurance Commissioners (NAIC). An important NAIC activity is accreditation; being accredited by the NAIC demonstrates Florida is meeting or exceeding national standards regarding the financial regulation of insurance entities. The Office also participates in NAIC Committees, Task Forces and Working Groups that develop national standards and model laws for insurance activities and regulation.

Florida has exercised leadership within the NAIC with Florida Insurance Commissioner Kevin McCarty being elected Secretary-Treasurer of the NAIC for the year 2009. In addition, Florida serves as Chair of significant standing committees and continues to be actively involved in several key committees of the NAIC. In 2009, Florida is Chair of the following NAIC Committees:

- ⤴ Audit Committee
- ⤴ Consumer Participation Board of Trustees
- ⤴ Senior Issues (B) Task Force

Florida is a member of the following NAIC Committees:

- ✧ Executive Committee – NAIC Secretary/Treasurer
- ✧ Southeastern Zone
- ✧ Military Sales (EX) Working Group
- ✧ SVO Initiatives (EX) Working Group
- ✧ Climate Change and Global Warming (EX) Task Force
- ✧ Government Relations Leadership Council
- ✧ International Insurance Relations (EX) Leadership Group
- ✧ Producer Licensing (EX) Task Force
- ✧ Speed to Market (EX) Task Force
- ✧ Solvency Modernization (EX) Task Force
- ✧ Internal Administration (EX1) Subcommittee
- ✧ Life Insurance and Annuities (A) Committee
- ✧ Suitability of Annuity Sales (A) Working Group
- ✧ Health Insurance and Managed Care (B) Committee
- ✧ ERISA (B) Subgroup
- ✧ Regulatory Framework (B) Task Force
- ✧ Property and Casualty Insurance (C) Committee
- ✧ Casualty Actuarial and Statistical (C) Task Force
- ✧ Surplus Lines (C) Task Force
- ✧ Workers' Compensation (C) Task Force
- ✧ Antifraud (D) Task Force
- ✧ Financial Condition (E) Committee
- ✧ Accounting Practices and Procedures (E) Task Force
- ✧ Blanks (E) Working Group
- ✧ Capital Adequacy (E) Task Force
- ✧ Examination Oversight (E) Task Force
- ✧ Financial Analysis (E) Working Group
- ✧ Financial Condition (E) Committee
- ✧ Receivership and Insolvency (E) Task Force
- ✧ Reinsurance (E) Task Force
- ✧ Valuation of Securities (E) Task Force
- ✧ Financial Regulation Standards and Accreditation (F) Committee
- ✧ Life and Health Actuarial Task Force
- ✧ NAIC/Consumer Liaison Committee
- ✧ Accident and Health Working Group

Being a member of the NAIC also allows the Office to participate in forums with regulators from other states as well as industry personnel, thus gaining valuable information concerning industry related trends and conditions that are appearing nationally. The Commissioner has consistently been a leader in insurance regulation, which includes not only consumer protection for Florida policyholders, but also to strengthen insurance regulation on a nationwide basis. His leadership at the NAIC, is demonstrated by Florida's participation on addressing numerous significant insurance issues such as solvency regulation, consumer protection initiatives, use of technology for greater transparency and speed to market. As a member of the NAIC, the Office can take advantage of NAIC professional development programs in the area of general staff education, financial regulation, market analysis, insurance product regulation, statutory accounting principles, legal continuing education, fraud detection and many others.

**NCOIL**

Historically, the Office participated in the National Conference of Insurance Legislators (NCOIL). However, due to severe budget cuts, the Office restricts travel to NCOIL meetings to only those meetings where the Office is presenting to a committee at NCOIL.

NCOIL consists of state legislators from around the country that serve in leadership positions or are active members of the committees responsible for insurance and banking in their respective legislative houses. NCOIL assists legislators in making informed decisions on insurance issues that affect their constituents and improves the quality of state legislation by providing interaction and open dialogue with elected legislative officials from around the country. When attending an NCOIL meeting, Office staff participate in and attend committee meetings, special subcommittee meetings, roundtable discussions, and general sessions.

NCOIL and the NAIC have made recent efforts to improve collaboration and communication of insurance issues affecting the states through Legislative Liaison committees.



# Performance Measures and Standards – LRPP

## Exhibit II

## LRPP Exhibit II - Performance Measures and Standards

43900000 Financial Services Commission
43900110 Compliance and Enforcement - Insurance

Approved Performance Measures	Approved Prior Year Standards for FY 2008-09	Prior Year Actual FY 2008-09	Approved Standards for FY 2009-10	Requested FY 2010-11 Standards
Maximum number of days from date of applications for a new certificate of authority initially submitted to the OIR approves or denies the applications pursuant to 120.080(9), F.S.	180 days	39.67 days	180 days	180 days
Number of applications processed	328	243	328	328
Number of rate and forms review completed	13,000	20,604	13,000	13,000
Percent of rate and forms review completed within 90 days	92%	96%	92%	92%
Number of financial review and examinations completed	11,952	9,656	11,952	11,952
Percent of financial analysis reviews completed timely (within 90 days)	93%	96%	93%	93%
Number of examinations and investigations that are completed for licensed companies and unlicensed entities	760	630	760	760
Current number of licensed/regulated insurance entities	3,500	3,766	3,500	3,500
Residual market premium as a percent of total premium for homeowner's (total), mobile home, dwelling fire insurance	22.50%	13.81%	22.50%	22.50%
Residual market premium as a percent of total premium for workers' compensation insurance	0.75%	0.30%	0.75%	0.75%
Residual market premium as a percent of total premium for automobile insurance	0.50%	0.126%	0.50%	0.50%
Average risk based capital percentage	5.00%	6.45%	5.00%	5.00%
Percent of financial exams completed within 18 months of exam date	98%	100%	98%	98%

## LRPP Exhibit II - Performance Measures and Standards

43900120 Executive Direction and Support Services
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Approved Performance Measures	Approved Prior Year Standards	Prior Year Actual FY 2008-09	Approved Standards for FY 2009-10	Requested FY 2010-11 Standards
Administrative costs as a percent of total agency costs	<12.6%	10.5%	<12.6%	<12.6%
Administrative costs as a percent of total agency positions	<12.6%	11.7%	<12.6%	<12.6%

Assessment of Performance for Approved  
Performance Measures – LRPP

Exhibit III

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Maximum number of days from date of applications for a new certificate of authority initially submitted to the OIR to the date the OIR approves or denies the applications pursuant to 120.080(9), F.S.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
180	40	(140)	78%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

*Office of Policy and Budget – July 2009*

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Number of applications processed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
328	243	(85)	26%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** The Office does not control the number of applications received from the insurance industry.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

*Office of Policy and Budget – July 2009*

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Number of rate and forms review completed

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

<b>Approved Standard</b>	<b>Actual Performance Results</b>	<b>Difference (Over/Under)</b>	<b>Percentage Difference</b>
13,000	20,604	7,604	58%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- Personnel Factors       Staff Capacity  
 Competing Priorities       Level of Training  
 Previous Estimate Incorrect       Other (Identify)

**Explanation**

**External Factors** (check all that apply):

- Resources Unavailable       Technological Problems  
 Legal/Legislative Change       Natural Disaster  
 Target Population Change       Other (Identify)  
 This Program/Service Cannot Fix The Problem  
 Current Laws Are Working Against The Agency Mission

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- Training       Technology  
 Personnel       Other (Identify)

**Recommendations:**

The number of rate and form reviews completed only provides the number of products and services in the marketplace. A timely review and decision allows consumers prompt access to new products and/or companies quick access to necessary rate increase. The recommended change “percent of rate and forms filings completed within 90 days” was added, but this performance measure was never deleted.

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Number of financial review and examinations completed

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
11,952	9,656	(2,296)	19%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- Personnel Factors       Staff Capacity  
 Competing Priorities       Level of Training  
 Previous Estimate Incorrect       Other (Identify)

**Explanation:**

A hiring freeze was implemented due to budget reductions and resources are not adequate.

**External Factors** (check all that apply):

- Resources Unavailable       Technological Problems  
 Legal/Legislative Change       Natural Disaster  
 Target Population Change       Other (Identify)  
 This Program/Service Cannot Fix The Problem  
 Current Laws Are Working Against The Agency Mission

**Explanation:**

Laws have been amended over the years to allow more time between examinations.

**Management Efforts to Address Differences/Problems** (check all that apply):

- Training       Technology  
 Personnel       Other (Identify)

**Recommendations:**

*Office of Policy and Budget – July 2009*



**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Number of examinations and investigations that are completed for licensed companies and unlicensed entities

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
760	630	(130)	17%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

A hiring freeze was implemented due to budget reductions and resources are not adequate.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

Laws have been amended over the years to allow more time between examinations.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Current number of licensed/regulated insurance entities

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,500	3,766	266	8%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

This number does not include surplus lines. However, surplus lines do go through a licensing process.

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Residual market premium as a percent of total premium for homeowner's, mobile home, dwelling fire insurance

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
22.50%	13.81%	(8.69%)	37%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

**External Factors** (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                               | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                               | <input type="checkbox"/> Other (Identify)       |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |   |

**Explanation:**

The Office does not control the number of policies in the residual marketplace.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.



**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Residual market premium as a percent of total premium for automobile insurance

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
0.50%	.126%	(.374%)	

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- Personnel Factors       Staff Capacity  
 Competing Priorities       Level of Training  
 Previous Estimate Incorrect       Other (Identify)

**Explanation:**

**External Factors** (check all that apply):

- Resources Unavailable       Technological Problems  
 Legal/Legislative Change       Natural Disaster  
 Target Population Change       Other (Identify)  
 This Program/Service Cannot Fix The Problem  
 Current Laws Are Working Against The Agency Mission

**Explanation:**

The Office does not control the number of policies in the residual marketplace.

**Management Efforts to Address Differences/Problems** (check all that apply):

- Training       Technology  
 Personnel       Other (Identify)

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.

*Office of Policy and Budget – July 2009*



Associated Activities Contributing to  
Performance Measures – LRPP  
Exhibit V

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for FY 2009-10 (Words)		Associated Activities Title
1	Maximum number of days from date of applications for a new certificate of authority initially submitted to the OIR to the date OIR approves or denies the application pursuant to 120.80(9), F.S.		Approve and license entities to conduct insurance business
2	Number of applications processed		Approve and license entities to conduct insurance business
3	Number of rate and forms review completed		Review and approve rate and form filings
4	Percent of rate and forms filings completed within 90 days		Review and approve rate and form filings
5	Number of financial review and examinations completed		Conduct financial reviews and examinations
6	Percent of financial analysis reviews completed timely (within 90 days)		Conduct financial reviews and examinations
7	Number of examinations and investigations that are completed for licensed companies and unlicensed entities		Conduct and direct market examinations
8	Current number of licensed/regulating insurance entities		Approve and license entities to conduct insurance business
9	Residual market premium as a percent of total premium for insured homeowner's (total), mobile home, dwelling fire insurance		Review and approve rate and form filings
10	Residual market premium as a percent of total premium for workers' compensation insurance		Review and approve rate and form filings
11	Residual market premium as a percent of total premium for automobile insurance		Review and approve rate and form filings
12	Average risk based capital percentage		Conduct financial reviews and examinations
13	Percent of financial exams completed within 18 months of exam date		Conduct financial reviews and examinations
14	Administrative costs as a percent of total agency costs		N/A
15	Administrative positions as a percent of total agency positions		N/A

Office of Policy and Budget – July 2009



FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2008-09	
SECTION I: BUDGET		OPERATING	FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			284,160,417
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			18,482,660
FINAL BUDGET FOR AGENCY			302,643,077
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost
		(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)			0
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		14,163	47.96
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		62,082	22.52
Investment Of Public Funds * Dollar Volume of Funds Invested		16,000,000,000	0.00
Provide Cash Management Services * Number of cash management consultation services.		28	9,318.25
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		9,999,487	0.15
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,210,591	0.84
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		34,918	123.64
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		13,651,703	0.08
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements.		573,993	7.11
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements.		6	263,212.17
Process State Employees Payroll * Payroll payments issued.		3,385,211	0.66
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes.		17	23,441.88
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		21	48,393.33
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		1,301,872	1.98
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		302,808	8.47
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,312	58.66
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		17,188	239.09
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		789	721.95
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		4,378	130.11
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		5,600	2,451.51
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		179,074	27.56
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,696	282.08
Provide Forensic Laboratory Services * Number of photographic images processed.		12,963	81.87
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,125,886	0.20
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		22,088	184.78
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,490	568.40
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		156	3,719.64
Provide Risk Services Training And Consultation * Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made.		355	1,352.34
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		45	23,764.31
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		113,223	33.16
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		103,478	38.61
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,622,900	0.52
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		159,347	2.83
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,165	1,721.33
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,402	10,962.65
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		569	8,457.77
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		39,221	148.68
Provide Consumer Education Activities * Number of consumer educational materials created and distributed.		111,700	12.19
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		293,067	18.85
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed		1,976	1,224.06
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		81,893	58.97
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		29,166	464.25
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		1,981	2,772.26
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		3,727	377.80
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		154,875,227	0.00
Occupation Injury And Illness Survey * Number of injuries and illnesses and incidence rates of injuries/illnesses.		11,898	47.75
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,595,795	1.03
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		1,687	841.91
Approve And License Entities To Conduct Insurance Business. * Number of applications processed.		243	3,632.42
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		630	5,599.40
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		9,656	1,833.82
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		20,604	412.07
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		367	32,986.46
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		38,545	81.07
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * Number of domestic financial institutions examined to ensure safety and soundness.		295	40,130.61
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		26	31,954.46
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity		195	28,893.14
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance. * Examinations of money services businesses conducted to determine compliance with regulations.		188	15,189.96
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		280	20,901.15
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		81,718	29.42
TOTAL			224,577,534
SECTION III: RECONCILIATION TO BUDGET			
PASS THROUGHS			
TRANSFER - STATE AGENCIES			
AID TO LOCAL GOVERNMENTS			
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS			
OTHER			51,662,476
REVERSIONS (Includes 10,241,342 Domestic Security re-appropriation/SB2600 Section 48)			26,403,081
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)			302,643,091

### SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

-----  
 ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

-----  
 THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5)  
 AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

-----  
 THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:  
 (NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION  
 TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

-----  
 THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN  
 SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL  
 GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED  
 IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43010200	1602000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	308,008	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	890,039	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,258,007	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	481,749	
43200100	1601000000	ACT2180	FLAIR AND CMS REPLACEMENT PROJECT	12,852,583	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	1,811,734	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,104,931	
43500400	1205000000	ACT5490	TRANSFER TO FLORIDA CATASTROPHIC	3,000,000	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	7,480,834	
43600100	1102020000	ACT6020	TRANSFER TO UNIVERSITY OF SOUTH	100,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	623,512	
43200100	1601000000	ACT9200	AMERICAN RECOVERY AND REINVESTMENT	476,932	
43900110	1204000000	ACT9220	TITLE INSURANCE ADVISORY COUNCIL	242,003	
43500400	1205000000	ACT9900	MY SAFE FLORIDA HOME PROGRAM	1,032,144	

-----  
 TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	302,643,077	
TOTAL BUDGET FOR AGENCY (SECTION III):	302,643,091	
DIFFERENCE:	-14	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## **GLOSSARY OF TERMS AND ACRONYMS**

Activity – A unit of work which has identifiable starting and ending points, consumes resources and produces outputs. Unit cost information is determined using the outputs of activities.

Actual Expenditures - Includes prior year actual disbursements, payables and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year. They may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not shown in the year the funds are disbursed.

Ad Hoc - For a specific purpose, case or situation

Appropriation Category – The lowest level line item of funding in the General Appropriations Act, which represents a major expenditure classification of the budget entity. Within budget entities, these categories may include: salaries and benefits, other personal services (OPS), expenses, operating capital outlay, data processing services, fixed capital outlay, etc. These categories are defined within this glossary under individual listings. For a complete listing of all appropriation categories, please refer to the ACTR section in the LAS/PBS User's Manual for instructions on ordering a report.

ARTS - Automobile Rate Tracking System

Baseline Data - Indicators of a state agency's current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees.

Budget Entity - A unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. "Budget entity" and "service" have the same meaning.

CARFRA – Coordinating Advertising Rate and Form Review Authority

CCRC – Continuing Care Retirement Communities

CFO - Chief Financial Officer

CHIS – Comprehensive Health Information System

CIO - Chief Information Officer

CIP - Capital Improvements Program Plan

Citizens - Citizens Property Insurance Corporation

CMS – Centers of Medicare and Medicaid Services

CORE - Companies and Other Related Entities

CPM - Certified Public Manager

CTI - Computer Telephony Integration

D3-A – A legislative budget request (LBR) exhibit which presents a narrative explanation and justification for each issue for the requested years.

Demand - The number of output units which are eligible to benefit from a service or activity.

DOAH – Division of Administrative Hearings

EDMS - Electronic Document Management System

EOG - Executive Office of the Governor

Estimated Expenditures - Includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills.

F.A.C. - Florida Administrative Code

FAJUA - Florida Automobile Joint Underwriting Association

FAME – Financial Analysis and Monitoring Electronic Data Management System

FEMA - Federal Emergency Management Agency

FFMIS – Florida Financial Management Information System

Fixed Capital Outlay (FCO) - Real property (land, buildings including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

FLAIR – Florida Accounting Information Resource Subsystem

F.S. - Florida Statutes

FSC - Financial Services Commission. Pursuant to Section 20.121(3), Florida Statutes, the FSC “shall not be subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters.” The FSC is comprised of the Governor and Florida Cabinet and contains the Office of Insurance Regulation and Office of Financial Regulation.

FTE - Full Time Equivalent

FWCJUA – Florida Workers’ Compensation Joint Underwriting Association

FWUA - Florida Windstorm Underwriting Association

FY - Fiscal Year

GAA - General Appropriations Act

GHIAB – Governor’s Health Information Infrastructure Advisory Board

GR – General Revenue Fund

HMO - Health Maintenance Organization

HR - Human Resource

ICHEIC - International Commission on Holocaust Era Insurance Claims

IG - Inspector General

Indicator - A single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure.”

Information Technology Resources - Includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training.

Input - See Performance Measure

IOE - Itemization of Expenditure

IP - Internet Protocol

IT - Information Technology

JAD - Joint Applications Development

Judicial Branch - All officers, employees, and offices of the Supreme Court, district courts of appeal, circuit courts, county courts, and the Judicial Qualifications.

LAN - Local Area Network

LAS/PBS - Legislative Appropriations System/Planning and Budgeting Subsystem. The statewide appropriations and budgeting system owned and maintained by the Executive Office of the Governor.

LAST - Legal Assignment Tracking system

Legislative Budget Commission (LBC) – A standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature.

Legislative Budget Request (LBR)- A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

Long-Range Program Plan (LRPP) - A plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

LOF – Laws of Florida

LTC – Long Term Care

MAN – Metropolitan Area Network (Information Technology)

Medigap – Medial Supplement Insurance

MSRP – Multi State Review Program

NAIC - National Association of Insurance Commissioners

Narrative - Justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed.

NASBO - National Association of State Budget Officers

Nonrecurring - Expenditure or revenue which is not expected to be needed or available after the current fiscal year.

OCO - Operating Capital Outlay

OIR or Office – Office of Insurance Regulation

OITS - Office of Information Technology Services

OPB - Office of Policy and Budget, Executive Office of the Governor

OPS - Other Personal Services

Outcome - See Performance Measure

Output - See Performance Measure

Outsourcing - Describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission.

Pass Through - Funds the state distributes directly to other entities, e.g., local governments, without being managed by the agency distributing the funds. These funds flow through the agency's budget; however, the agency has no discretion regarding how the funds are spent, and the activities (outputs) associated with the expenditure of funds are not measured at the state level. NOTE: This definition of "pass through" applies ONLY for the purposes of long-range program planning.

PBPB/PB2 - Performance-Based Program Budgeting

Performance Ledger - The official compilation of information about state agency performance-based programs and measures, including approved programs, approved outputs and outcomes, baseline data, approved standards for each performance measure and any approved adjustments thereto, as well as actual agency performance for each measure.

Performance Measure - A quantitative or qualitative indicator used to assess state agency performance.

- ⤴ Input means the quantities of resources used to produce goods or services and the demand for those goods and services.
- ⤴ Outcome means an indicator of the actual impact or public benefit of a service.
- ⤴ Output means the actual service or product delivered by a state agency.

Policy Area - A grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code.

Primary Service Outcome Measure - The service outcome measure which is approved as the performance measure which best reflects and measures the

intended outcome of a service. Generally, there is only one primary service outcome measure for each agency service.

Privatization - Occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service.

Program - A set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word "Program." In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. "Service" is a "budget entity" for purposes of the LRPP.

Program Purpose Statement - A brief description of approved program responsibility and policy goals. The purpose statement relates directly to the agency mission and reflects essential services of the program needed to accomplish the agency's mission.

Program Component - is an aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting.

Reliability - The extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use.

Residual market premium - Insurance premium written by the insurer of last resort. In Florida, this would include Citizens Property Insurance Corp, the Florida Workers' Compensation JUA and all other JUA residual market entities within the state.

SERFF - System for Electronic Form and Rate Filing

Service - See Budget Entity

Standard - The level of performance of an outcome or output.

STO - State Technology Office

SWOT - Strengths, Weaknesses, Opportunities and Threats

TCS - Trends and Conditions Statement

TF - Trust Fund

Tort Liability Claim - Tort is a wrongful act other than a breach of contract that injures another and for which the law imposes civil liability: a violation of a



duty (as to exercise due care) imposed by law as distinguished from contract for which damages or declaratory relief (as an injunction) may be obtained.

TPA – Third Party Administrators

TRW - Technology Review Workgroup

UCAA – Uniform Certification of Authority Application

Unit Cost - The average total cost of producing a single unit of output – goods and services for a specific agency activity.

Validity - The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

Viatical Settlement – is the sale of a life insurance policy to a licensed viatical settlement provider in return for a negotiated payment. This payment is usually represented as a percentage of the policy's face value.

WAGES – Work and Gain Economic Stability (Agency for Workforce Innovation)

WAN – Wide Area Network (Information Technology)

ZBB - Zero-Based Budgeting



**OFFICE OF FINANCIAL REGULATION**

**J. THOMAS CARDWELL**  
COMMISSIONER

September 30, 2009

Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

JoAnne Leznoff, Council Director  
House Full Appropriations Council on General Government & Health Care  
221 Capitol  
Tallahassee, Florida 32399-1300

Cynthia Kelly, Staff Director  
Senate Policy and Steering Committee on Ways and Means  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, *Florida Statutes*, our Long Range Program Plan (LRPP) for the Office of Financial Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2010-11 through Fiscal Year 2014-2015.

Should further information be required, please do not hesitate to contact me at the number provided below.

Sincerely,

A handwritten signature in blue ink that reads "J. Thomas Cardwell".

J. Thomas Cardwell

**FINANCIAL SERVICES  
COMMISSION**

**CHARLIE CRIST**  
GOVERNOR

**BILL MCCOLLUM**  
ATTORNEY GENERAL

**ALEX SINK**  
CHIEF FINANCIAL OFFICER

**CHARLES BRONSON**  
COMMISSIONER OF  
AGRICULTURE

# **FINANCIAL SERVICES COMMISSION**

## **Office of Financial Regulation**



## **Long-Range Program Plan**

**Fiscal Year 2010-2011 through Fiscal Year 2014-2015**

***J. Thomas Cardwell***  
***Commissioner***

## OFFICE OF FINANCIAL REGULATION MISSION

The Office of Financial Regulation is dedicated to *safeguarding the private financial interests of the public* by licensing, chartering, examining and regulating financial institutions and financial service companies in the State of Florida. The Office strives to *protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries*.

The Office has selected the following goals as priorities:

**GOAL #1:** Increase protection of citizens' financial interests by bringing to bear the full extent of enforcement authority on those individuals or entities that conduct fraudulent or illegal financial services activities

**GOAL #2:** Ensure the safety and soundness of the state financial institution system

**GOAL #3:** Improve the efficiency and effectiveness of the financial services industry licensing process

**GOAL #4:** Increase consumer confidence in the financial services industry

**GOAL #5:** Support efforts to promote Florida's domestic and international financial institutions

## PRIORITIZATION OF GOALS AND OBJECTIVES

**GOAL #1: Increase protection of citizens' financial interests by bringing to bear the full extent of enforcement authority on those individuals or entities that conduct fraudulent or illegal financial services activities**

**OBJECTIVE 1A:** Increase percentage of financial investigations completed that result in administrative, civil and/or criminal action against individuals or entities that conduct fraudulent or illegal financial services activities

**OUTCOME 1A-1:** Percentage of investigative case referrals that result in enforcement action

Baseline Year 2007-2008	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
80%	83%	84%	85%	86%	87%

**OBJECTIVE 1B:** Increase percentage of financial investigations referred for administrative, civil and criminal convictions against individuals or entities that conduct fraudulent or illegal financial services activities

**OUTCOME 1B-1:** Percentage of documented violations referred for action

Baseline Year 2007-2008	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
95%	95%	95%	95%	95%	95%

**OBJECTIVE 1C:** Increase the percentage of securities enforcement examination referrals that result in enforcement action

**OUTCOME 1C-1:** Percentage of Securities enforcement examination referrals that result in enforcement action

Baseline Year 2007-2008	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
75%	76%	76%	77%	77%	78%

**OBJECTIVE 1D:** Increase the percentage of Finance high priority risk-based examinations that result in agency action

**OUTCOME 1D-1:** Percentage of Finance high priority risk-based examinations resulting in agency action

Baseline Year 2009-2010	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
75%	75%	75%	75%	75%	75%

**GOAL #2: Ensure the safety and soundness of the state financial institution system**

**OBJECTIVE 2A:** Examine all state financial institutions within statutory timeframes

**OUTCOME 2A-1:** Percentage of state financial institutions examined within the last 18 and 36 months

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
50%/100%	100%/100%	100%/100%	100%/100%	100%/100%	100%/100%

**OBJECTIVE 2B:** Perform more frequent examinations of new, large or problem institutions

**OUTCOME 2B-1:** Percentage of new financial institutions examined three times in the first two years

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 2C:** Ensure all state financial institutions under formal administrative action timely comply with the order

**OUTCOME 2C-1:** Percentage of state financial institutions in substantial compliance with formal administrative action

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
20%	50%	50%	50%	50%	50%

**OBJECTIVE 2D:** Attract and retain new staff

**OUTCOME 2D-1:** Percentage of positions vacant

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
10%	12%	12%	12%	12%	12%

**GOAL #3: Improve the efficiency and effectiveness of the financial services industry licensing process**

**OBJECTIVE 3A:** Process Securities license applications within the standards prescribed by the Administrative Procedures Act

**OUTCOME 3A-1:** Percentage of Securities license applications processed within Administrative Procedure Act requirements

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 3B:** Process Securities filing requests within a designated standard number of days

**OUTCOME 3B-1:** Percentage of Securities filing requests processed within a designated standard number of days (standard based on type of filing)

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
90%	90%	90%	90%	90%	90%

**OBJECTIVE 3C:** Improve the effectiveness of the licensing program by monitoring the number of applicants not granted registration in the securities industry in Florida who subsequently become registered in other jurisdictions and report additional disclosure events

**OUTCOME 3C-1:** Percentage of applicants not granted registration in the Securities industry in Florida who are subsequently the subject of additional regulatory disclosure

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
45%	45%	45%	45%	45%	45%

**OBJECTIVE 3D:** Improve the efficiency and effectiveness of the Securities licensing program to provide more time for substantive review

**OUTCOME 3D-1:** Number of actions taken as a result of a Securities licensing substantive review process

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
75	76	77	77	77	78

**OBJECTIVE 3E:** Process Finance license applications within the standards prescribed by the Administrative Procedures Act

**OUTCOME 3E-1:** Percentage of Finance license applications processed within Administrative Procedure Act requirements

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 3F:** Process Finance filing requests within a designated standard number of days

**OUTCOME 3F-1:** Percentage of Finance filing requests processed within a designated standard number of days (standard based on type of filing)

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
90%	90%	90%	90%	90%	90%

**OBJECTIVE 3G:** Improve the efficiency and effectiveness of the Finance licensing program to provide for a more substantive review

**OUTCOME 3G-1:** Number of actions taken as a result of a Finance licensing substantive review process

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
157	150	150	150	150	150



**GOAL #4: Increase consumer confidence in the financial services industry**

**OBJECTIVE 4A:** Conduct thorough and timely reviews of consumer complaints

**OUTCOME 4A-1:** Increase percentage of Securities consumer complaints closed or referred to an examination within 90 days

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
90%	91%	91%	92%	92%	93%

**OUTCOME 4A-2:** Percentage of Finance complaints resolved or closed by staff and closed within 180 days

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
80%	80%	80%	80%	80%	80%

**OUTCOME 4A-3:** Percentage of Finance complaints received which are within OFR's jurisdiction which are closed or referred to an examination within 180 days

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
80%	80%	80%	80%	80%	80%

**OUTCOME 4A-4:** Percentage of Finance complaints closed or referred to other agencies within 30 days which are outside OFR's jurisdiction

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
95%	95%	95%	95%	95%	95%

**OBJECTIVE 4B:** Improve investor and consumer protection through increased consumer outreach programs

**OUTCOME 4B-1:** Increase number of consumer outreach programs conducted by Securities staff to promote investor protection, and assist consumers in making sound financial decisions

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
25	30	30	35	35	35

**OUTCOME 4B-2:** Increase number of consumer outreach programs conducted by Finance staff to provide consumers with information to make informed decisions regarding financial transactions

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
12	12	15	16	17	17

**OBJECTIVE 4C:** Improve compliance with Florida laws and regulations by educating licensee about regulatory requirements

**OUTCOME 4C-1:** Increase number of industry outreach programs conducted by Securities staff to educate the industry on compliance issues

Baseline Year 2007-08	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
5	6	7	7	8	8

**OUTCOME 4C-2:** Increase number of industry outreach programs conducted by Finance staff to educate the industry on compliance issues and provide training for continuing education requirements

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
4	5	6	6	7	7

**OBJECTIVE 4D:** Improve the Securities examination process through the effective use of risk-based targeting techniques

**OUTCOME 4D-1:** Increase percentage of Securities risk-based or special examinations closed or referred to the Office of Legal Services or referred to enforcement examinations within 180 days

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
75%	76%	76%	77%	77%	78%

**OUTCOME 4D-2:** Increase percentage of Securities risk-based examinations resulting in action

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
30%	31%	31%	32%	32%	33%

**OUTCOME 4D-3:** Increase number of Securities risk-based and special examinations completed

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
165	165	165	167	167	170

**OUTCOME 4D-4:** Increase number of Securities enforcement examinations completed

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
55	55	55	57	57	60

**OBJECTIVE 4E:** Improve the Finance examination process through the effective use of risk-based targeting techniques

**OUTCOME 4E-1:** Percentage of Finance examinations of licensees conducted due to significant information received from various outside sources which result in agency action

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
50%	50%	50%	50%	50%	50%

**OUTCOME 4E-2:** Increase number of Finance examinations conducted due to significant information received from various outside sources which are completed.

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100	100	100	100	100	100

**OUTCOME 4E-3:** Increase number of Finance high priority risk-based examinations completed

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
250	250	250	250	250	250

**OBJECTIVE 4F:** Examine all money services business (MSB) licensees within statutory timeframes

**OUTCOME 4F-1:** Percentage of MSB licensees who are targeted for examination due to required five-year cycle for all licensees during the fiscal year

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OUTCOME 4F-2:** Percentage of new MSB licensees examined within six months from date of licensure

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 4G:** Ensure that licensed MSBs comply with the provision of any formal administrative action in a timely manner.

**OUTCOME 4G-1:** Percentage of money services business formal actions followed up to determine substantial compliance within six months of final order

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 4I:** Refer all MSB suspected criminal violations to a criminal investigative agency.

**OUTCOME 4I-1:** Percentage of examinations of MSB licensees with suspected criminal violations referred to criminal investigative agencies\*

Baseline Year 2008-09	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 4J:** Provide examination results to licensed MSBs in a timely manner.

**OUTCOME 4J-1:** Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination.

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
75%	75%	75%	75%	75%	75%

**OUTCOME 4J-2:** Percentage of money transmitter/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination.

Baseline Year 2009-10	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
90%	90%	90%	90%	90%	90%

**GOAL #5: Support efforts to promote Florida’s domestic and international financial institutions**

**OBJECTIVE 5A:** Increase percentage of deposits held by domestic banks domiciled in Florida

**OUTCOME 5A-1:** Percentage of bank deposits controlled by Florida-based banks

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
30%	>33%	>33%	>33%	>33%	>33%

**OBJECTIVE 5B:** Increase number of foreign bank offices operating in Florida

**OUTCOME 5B-1:** Percentage increase in number of licensed foreign bank offices

Baseline Year 2003-04	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
-7%	2%	2%	2%	2%	2%

**OBJECTIVE 5C:** Increase level of foreign bank assets held in state licensed foreign bank offices

**OUTCOME 5C-1:** Percentage increase in assets of foreign bank offices

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
-4%	5%	5%	5%	5%	5%

**OBJECTIVE 5D:** Meet statutory goals relating to financial institution licensing

**OUTCOME 5D-1:** Percentage of applications processed within statutory timeframes

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 5E:** Continue to provide fair, balanced and responsive service to our customers, state chartered/licensed financial institutions

**OUTCOME 5E-1:** Percentage of financial institution surveys giving OFR a rating of 2 or better (1 highest, 5 lowest)

Baseline Year 2002-03	FY 2010-11 Projected	FY 2011-12 Projected	FY 2012-13 Projected	FY 2013-14 Projected	FY 2014-15 Projected
77%	75%	75%	75%	75%	75%

## SERVICE OUTCOMES

**Program: Financial Services Commission/Office of Financial Regulation**

### **43900530 Safety and Soundness of State Banking System**

This service is responsible for reviewing and approving or denying financial institution charter applications and regulating financial institutions including: state banks, savings banks, associations, trust companies, credit unions, and international banking agencies, representative offices, administrative offices, and branches. Other functions performed include conducting research on financial depository institutions and providing information to the public. The financial institution regulatory structure within the United States is a dual-banking system.

**Service Outcome:** Percentage of applications for new Florida financial institutions that seek state charters

<b>Baseline FY 2002-03</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
67%	67%	67%	67%	67%	67%

### **43900540 Financial Investigations**

This service protects consumers of the banking, finance and securities industries and the public from illegal financial activities. The Bureau of Financial Investigations conducts financial investigations of alleged fraudulent or illegal financial activities by licensed or unlicensed entities. If violations are found and sufficient documented evidence is obtained, the Financial Investigations refers the investigation for administrative, civil or criminal actions, as appropriate. Once an investigative case is accepted for enforcement, the investigators provide full investigative support as needed. This service outcome is calculated after all enforcement action is completed and the investigation is closed.

**Service Outcome:** Percentage of investigative case referrals that result in enforcement action

<b>Baseline FY 2007-08</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
80%	83%	84%	85%	86%	87%

### 43900550 Executive Direction and Support Services

This service provides overall direction in carrying out the Office of Financial Regulation's statutory and administrative responsibilities. The Commissioner and support staff provide leadership, direction and executive guidance to all line and staff units and provide some administrative responsibilities such as property inventory, public records, personnel, budget and legal support.

**Service Outcome:** Administrative costs (excluding Office of Legal Services) as a percent of total program costs

Baseline FY 2007-08	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
3%	<3%	<3%	<3%	<3%	<3%

### 43900560 Finance Regulation

This service protects Florida consumers from illegal activity entities regulated by the Division of Finance while facilitating public trust. Finance enforcement staff conducts examinations of the mortgage lending industry including mortgage brokers, motor vehicle sellers, retail sellers, home improvement companies, sales finance companies, small loan companies, title loan companies, money services businesses which includes funds transmitters, check cashiers, and deferred payment presenters, as well as their branch offices and associated persons. Examinations are becoming increasingly complex and take significant time to complete. These more complex examinations may involve criminal activity, more egregious sales practices and abuses, and frequently become much broader in scope. If violations are found, the documented examinations will be referred for administrative, civil or criminal actions, as appropriate.

**Service Outcome:** Percentage of examinations of licensees identified through other sources where agency action is taken (this service outcome is calculated after all enforcement action is completed and the examination is closed)

Baseline FY 2008-09	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
71%	80%	80%	80%	80%	80%

**Service Outcome:** Percentage of money services business licensees examined for cause where agency action is taken

Baseline FY 2008-09	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
75%	75%	75%	75%	75%	75%



This service also ensures the timely processing of all applications and compliance filings required by state statutes and rules. This furthers the agency's mission to support the regulated industries by providing a timely service to these entities entering into their respective industry and workforce.

**Service Outcome:** Percentage of Finance license applications processed within Administrative Procedure Act requirements

<b>Baseline FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
100%	100%	100%	100%	100%	100%

### **43900570 Securities Regulation**

This service protects Florida's investing public from illegal securities activity while facilitating capital formation in the state. Securities Regulation conducts examinations of registered securities dealers and investment advisers, as well as their branch offices and associated persons. As part of the regulatory function, Securities Regulation conducts enforcement examinations, which typically involve criminal activity, more egregious sales practice abuses, and are broader in scope than risk-based examinations. If violations are found, the documented examinations will be referred for administrative, civil or criminal actions, as appropriate. This service outcome is calculated after all enforcement action is completed and the examination is closed.

**Service Outcome:** Percentage of enforcement examination referrals that result in enforcement action

<b>Baseline FY 2007-08</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
75%	76%	76%	77%	77%	78%

This service provides an environment conducive to capital development and growth of the securities industry in the state, as well as providing protection for consumers from unregulated or illegal activities. Regulatory Review – Securities evaluates and processes Securities registration applications.

**Service Outcome:** Percentage of Securities license applications processed within Administrative Procedure Act requirements

<b>Baseline FY 2007-08</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
100%	100%	100%	100%	100%	100%

## TRENDS & CONDITIONS

The United States economy has officially been in a recession since December 2007 – the longest recession now on record, and it is projected to continue until spring of 2010. The U.S. economy was buffeted by three major shocks:

- Home prices fell at the national level for the first time since the Great Depression and are expected to fall 35% from the peak
- Financial markets experienced the worst credit crisis since the Great Depression, and
- The U.S. recession spread globally, causing additional feedback loops.

Florida went into recession nine months ahead of the nation and has been particularly hard hit by the two housing related shocks: declining home prices and tightening credit.

Much has been written about the mortgage foreclosure crisis in the state. Homeowners, some out of work, stopped paying their mortgages and went into foreclosure. Speculators, who had helped drive-up values, walked away from their properties. In May 2009, one of every 147 housing units in Florida received a foreclosure filing – fourth highest in the nation and more than 2.7 times the national rate. Florida also reported the second highest number of properties in foreclosure with 58,931 properties receiving a foreclosure filing.

Beginning August 2008, the stock markets began experiencing tremendous instability beginning with the collapse a number of large banks and investment firms. Over the next seven months, U.S. stocks lost 45% as emerging-market stocks crashed 70%, resulting in the unexpected destruction of up to \$14 trillion in wealth worldwide.

While Florida typically fares well against the national average unemployment rate, the current recession seems to be having a greater effect on Florida. In 2007, Florida's unemployment rate was slightly more than half a percent below the national average of 4.6 percent; by April 2009, the Florida rate was 9.6 percent, 0.7 percent above the national average. In May 2009, Florida's unemployment rate entered double digits at 10.2 percent, and by July 2009, 41 of 67 Florida counties are in double digits.

Timeframes for projected economic recovery at the national and state level differ – but virtually all forecasts are that the recession will last longer than originally thought. These factors place unprecedented stress on the financial industries regulated by the Office of Financial Regulation (Office or OFR), and on the Office itself to respond to the fallout from these stresses. Even with some encouraging economic news, OFR anticipates on-going problems after recovery begins due to the fact that the health of the financial industries, banks in particular, is always a lagging indicator of an economic recovery.

## **Federal Legislation**

On July 23, 2008, President George Bush signed into law major housing reform legislation (Public Law 110-289). The legislation was designed to prevent foreclosures, stabilize the declining housing market, and reform the government-sponsored enterprises Fannie Mae and Freddie Mac. This legislation is having significant impact on the operations of the Office.

The legislation included a measure to establish minimum national licensing and oversight standards for America's mortgage brokers and loan originators. This measure is titled "The Secure and Fair Enforcement in Mortgage Licensing Act of 2008," or "The SAFE Mortgage Licensing Act of 2008." The SAFE Mortgage Licensing Act of 2008 will eliminate those persons with a history of certain criminal activity or specific misconduct relating to loan origination from the mortgage industry and require mortgage brokers and loan originators to meet minimum national standards to ensure they are professional, competent and trustworthy.

The Legislature passed Senate Bill 2226 during the 2009 session to implement the federal minimum licensure requirements. The Office will be required to implement new regulatory requirements, including licensing approximately 26,000 loan originators who are currently exempt under Florida law.

All states are required to license their mortgage brokers and loan originators through the Nationwide Mortgage Licensing System (NMLS) developed by the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). Florida's share of the development cost of NMLS is \$500,000. The Regulatory Enforcement and Licensing (REAL) System will supplement features of NMLS where feasible, allowing the agency to retain the efficiencies provided by using the REAL System.

NMLS is intended to provide uniform license applications and reporting requirements for state licensed loan originators; provide a comprehensive licensing and supervisory database; improve the flow of information to and among regulators; provide increased accountability and tracking of loan originators; enhance consumer protection; and support anti-fraud measures. The NMLS is currently operational in 14 states and provides an on-line filing capability for mortgage industry applicants. Implementation of additional functionality for the NMLS is anticipated over the next two years.

## **REAL System**

The REAL System is the culmination of an Office-wide effort to integrate the infrastructure and data of many of OFR's licensing and enforcement functions. REAL provides OFR with an integrated financial regulatory management system that combines core processes for fiscal, licensing, investigations, examination,

legal and complaint functions. The REAL System is based on the concept of a consolidated database of information. Through a design developed specifically for OFR known as the Entity Comprehensive View (ECV), data related to a regulated entity can be accessed from a single point within the system. All activities impacting the entity (i.e., legal cases, investigative cases, examinations, complaints, business relationships, and other licenses held) are captured and presented in one consolidated view. REAL also provides a tracking mechanism for unlicensed entities using the same concept. Due to working relationships with other states and regulatory bodies, the design of the REAL System additionally allows for the import of data from other systems outside OFR to support the licensing and enforcement programs. This approach provides OFR with a comprehensive regulatory tool from which to initiate licensure review and subsequently monitor compliance. REAL contributes to aligning the agency's business units and processes to more fully support the enforcement authority of the Office.

Release 1 of the REAL System was deployed on March 24, 2008. This release included the integration of online licensing, fiscal and enforcement (i.e., complaints, examinations, legal services, and investigative) activities for all the licenses under Chapter 494, Florida Statutes (Mortgage Brokerage and Mortgage Lending). Release 2 was deployed on January 20, 2009, and included all remaining license types (i.e., consumer finance, securities firms, branches and agents, motor vehicle installment sellers, retail installment sellers, sales finance companies, home improvement sellers, money services businesses, title loan companies and collection agencies) regulated by the Office. Release 2 also included the new workflow and document imaging components. This completed the original project **on time and within budget**.

**GOAL #1: Increase protection of citizens' financial interests by bringing to bear the full extent of enforcement authority on those individuals or entities that conduct fraudulent or illegal financial services activities**

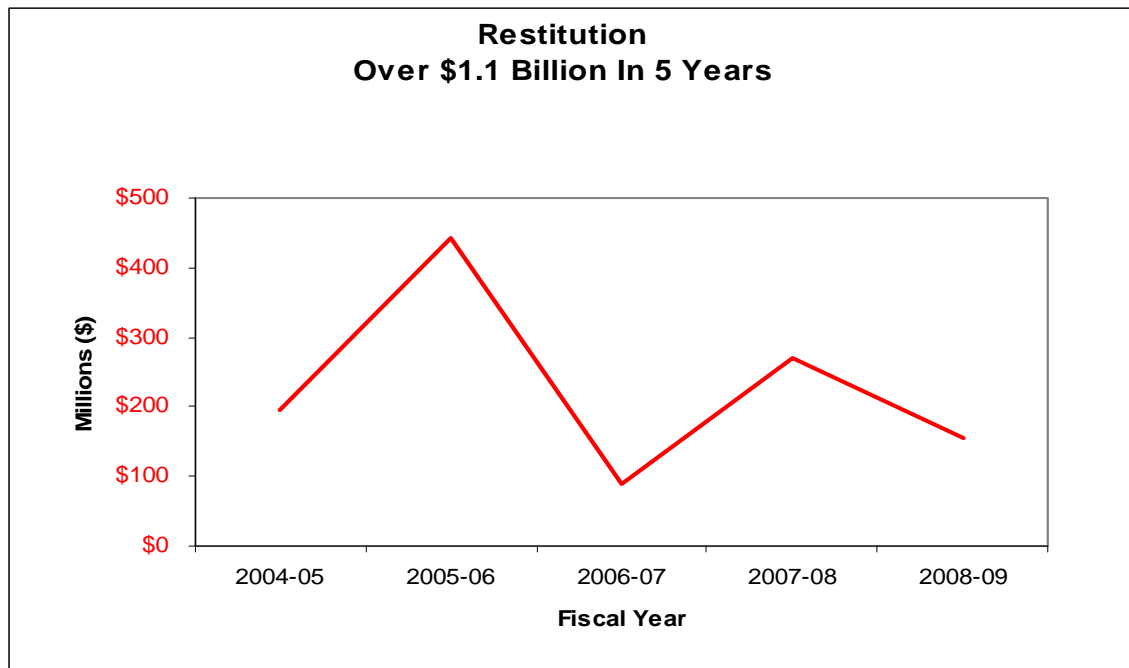
Four areas within OFR contribute to this goal. They are the Bureau of Financial Investigations, the Bureau of Securities Regulation, the Bureau of Finance Regulation and the Bureau of Money Transmitter Regulation.

**Bureau of Financial Investigations**

The Bureau of Financial Investigations (Financial Investigations) is tasked with conducting financial investigations into fraudulent and unlicensed activity falling under the jurisdiction of OFR.

Financial Investigations is committed to making the most effective use of its enforcement options which include obtaining receiverships and injunctions, filing administrative complaints and, where appropriate, referring cases for criminal prosecution. During Fiscal Year 2008-09, Financial Investigations completed 195 financial investigations involving approximately 8,500 victims and over \$384 million in potential losses to consumers.

Enforcement actions taken as a direct result of Financial Investigations' activities led to over \$156 million in restitution being ordered or returned to victims, and criminal convictions resulting in defendants being sentenced to over 161 years imprisonment and over 269 years probation during the last fiscal year. Court ordered and voluntary restitution to victims resulting from investigations conducted by Financial Investigations over the last five years totals over \$1 billion.



## **Bureau of Securities Regulation**

The Bureau of Securities Regulation (Securities Regulation) is responsible for ensuring compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). The Act is designed to protect the investing public from illegal securities activity while facilitating the efficient creation of capital. The anti-fraud provisions of the Act make it unlawful for a person to engage in any fraudulent conduct when rendering investment advice or in connection with the offer, sale or purchase of any investment or security. Securities Regulation also regulates Certified Capital Companies (CAPCOs) under Chapter 288, Florida Statutes.

Because the securities markets are national in scope, Securities Regulation works with other states, federal securities regulators including the Securities and Exchange Commission (SEC), and self-regulatory organizations (SROs) such as the Financial Industry Regulatory Authority (FINRA). While the national regulators deal primarily with national market issues and the financial condition of firms, Securities Regulation focuses its efforts primarily on protecting investors by conducting examinations, investigating consumer complaints involving abusive sales practice issues, and raising consumer awareness. Securities Regulation focuses its examination efforts on the registered firms and branches. The number of licensed Securities firms and branch offices has increased by 48% over the past five years.

The securities industry has been significantly impacted by the ongoing financial crisis in the credit markets, as well as drastic swings in the equity markets. In early 2008, Securities Regulation joined a multi-state task force, comprised of securities regulators in 12 states and the North American Securities Administrators Association (NASAA). This Task Force was formed to investigate whether the nation's largest securities dealers had systematically misled investors when placing them in auction rate securities (ARS). In mid 2007, ARS were estimated to be a \$330 billion market. The widespread marketing of auction rate securities as cash equivalents, followed by the collapse of the ARS auction market in February 2008, left thousands of investors without access to their money. Individuals, small businesses, and institutional investors have all suffered financial hardship, ranging from the inability to close on home purchases to shortfalls in payroll.

As a result of the Task Force effort, several brokerage firms have entered, or are expected to enter into, settlements with state securities regulators in cases arising from the sale of ARS by those firms. Those settlements provide, among other things, that the firm's customers are entitled to receive restitution on their purchase of these securities. State regulators also imposed fines and penalties against these firms. Final orders issued by the Office involving ARS during Fiscal Year 2008-09 include \$5.6 million in fines collected from Wachovia Securities, LLC, \$3.8 million in fines collected from Citigroup Global Markets, Inc.

and \$1.3 million in fines from JP Morgan Chase & Co. In Fiscal Year 2009-10, the Office has received \$4.77 million from Bank of America and \$8.5 million from Merrill Lynch. Other cases are pending. Upon resolution of these cases, the Office estimates it will receive fines totaling \$20 to \$25 million. Additionally, an estimated \$6.7 billion will have been returned to Florida investors.

Although high profile national cases receive greater public attention, they should not obscure the more routine and numerically much larger caseload representing the bulk of Securities Regulation's enforcement work. For Fiscal Year 2008-09 Securities Regulation closed 39 examinations that resulted in action and processed 519 consumer complaints. These cases affect everyday citizens in local communities across the state. In addition, during Fiscal Year 2008-09, Securities Regulation brought cases to the U.S. Attorney's Office involving hedge fund misrepresentations, Ponzi schemes, wire fraud and money laundering. These cases resulted in court ordered prison sentences of approximately 169 months and restitution to investors of \$6.2 million.

The Office pursued legislative authority in the 2009 legislative session to provide greater regulatory powers. The Legislature passed House Bill 483 (companion SB 1126) which provides for the following:

- Authorizes the Office of the Attorney General to investigate and bring actions under the anti-fraud provisions of the Florida Securities Investor Protection Act
- Allows OFR to bar from licensure any person who is found to have violated the Florida Securities Investor Protection Act
- Allows OFR to impose an emergency suspension of the license in cases in which firms fail to produce required books and records upon request;
- Increases the maximum administrative fine for violations from \$5,000 to \$10,000
- Provides OFR the authority to establish a penalty matrix for those firms and individuals who commit violations under the Florida Securities Investor Protection Act.

For Fiscal Year 2008-09, Securities Regulation saw an 83% increase in the number of consumer complaints received as compared to Fiscal Year 2007-08. The market turmoil has also resulted in the opening of more complex examinations which are extremely time-consuming and resource intensive. The Office anticipates continuing to receive consumer complaints and identify fraudulent activity and abusive sales practices which took place during the market downturn.

### **Bureau of Finance Regulation**

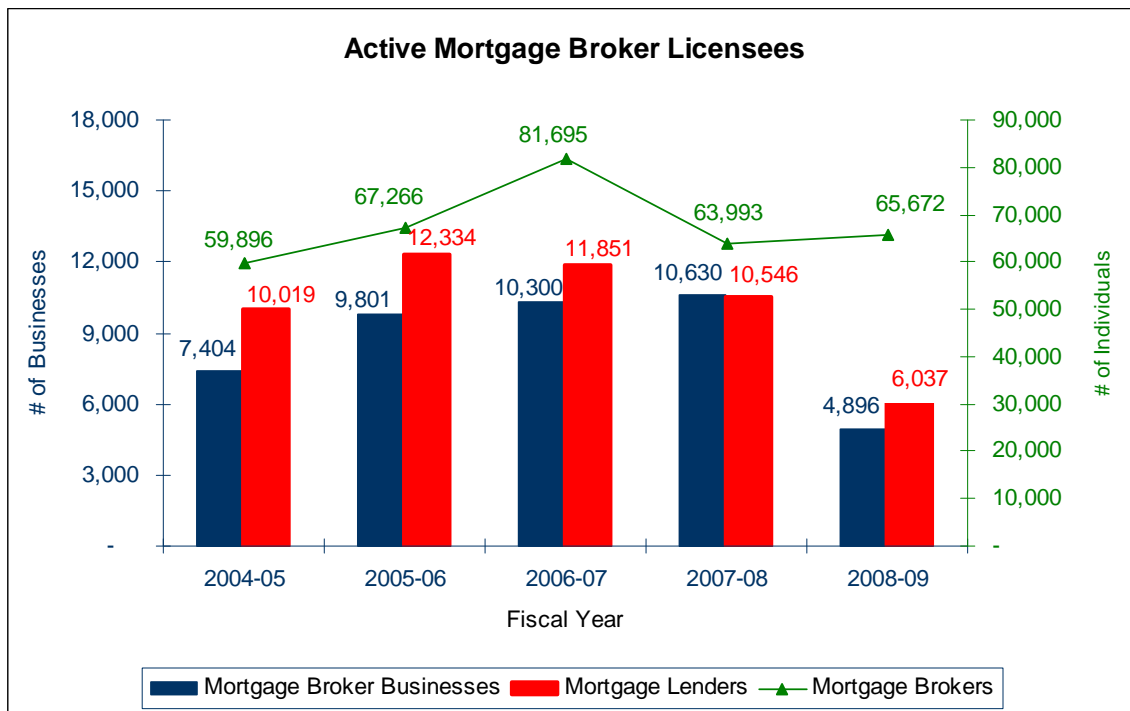
The Bureau of Finance Regulation (Finance Regulation) regulates individual mortgage brokers, mortgage brokerage businesses, mortgage lenders and

correspondent lenders, consumer finance companies, installment sales and retail sales companies, title lenders and collection agencies, and strives to protect consumers from illegal financial activities.

Finance Regulation is authorized to conduct examinations and complaint investigations. Finance Regulation staff works cooperatively with other regulatory agencies in Florida as well as throughout the country to assist consumers who may have questions or issues with the financial services industries regulated by the Division of Finance.

The most significant case load for Finance Regulation is in Chapter 494, Florida Statutes, Mortgage Brokerage and Mortgage Lending. Financial Regulation safeguards the private financial interests of the public by examining licensed mortgage entities and providing education to those who are entering the mortgage industry. The staff continues to assist with educating brokers and mortgage lenders regarding the requirement to adequately disclose certain terms and fees charged to the borrowers.

Chapter 494, Florida Statutes, was amended in the past legislative session to protect consumers from non-licensed individuals and entities doing loan modifications on their behalf. Consumer protection is achieved by requiring individuals and companies to be licensed, prohibiting up front fees, and requiring disclosures to the borrowers, advising of them of the terms and specific details of these products.





In addition, new protections were added in the statutory language to: prevent unfair, deceptive, or misleading advertising; create a guaranty fund whereby borrowers who are fraudulently deceived by licensees may recover a portion of their losses; report examinations, complaints, and administrative actions to a nationwide central database to deter violators from moving from one state to another; order refunds on third party overcharges; conform the state conflict of interest provisions to the stricter federal law; and allow the Office to suspend a license if the licensee poses an immediate and serious threat to the public.

Chapter 494, Florida Statutes, examinations are increasingly complex and take significant time to complete. Finance Regulation staff conducting these types of examinations must possess advanced knowledge in areas such as state and federal laws and regulations. In addition, examiners need to be able to identify the latest schemes that continue to evolve.

Increasing housing prices proved to be a favorable climate for mortgage schemes to proliferate. If the current downward economic trend continues into 2010, these schemes will have the potential to spread with continued increases in foreclosures, declining housing prices, and decreased demand for new housing. The individuals involved in these schemes are perpetuating schemes related to property flipping, builder-bailouts, short sales, and foreclosure rescues on the public. Additionally, new schemes continue to surface, which include reverse mortgage fraud, condo conversions where unsuspecting consumers are deceived regarding the units they are purchasing, and advance fee schemes related to loan modifications.

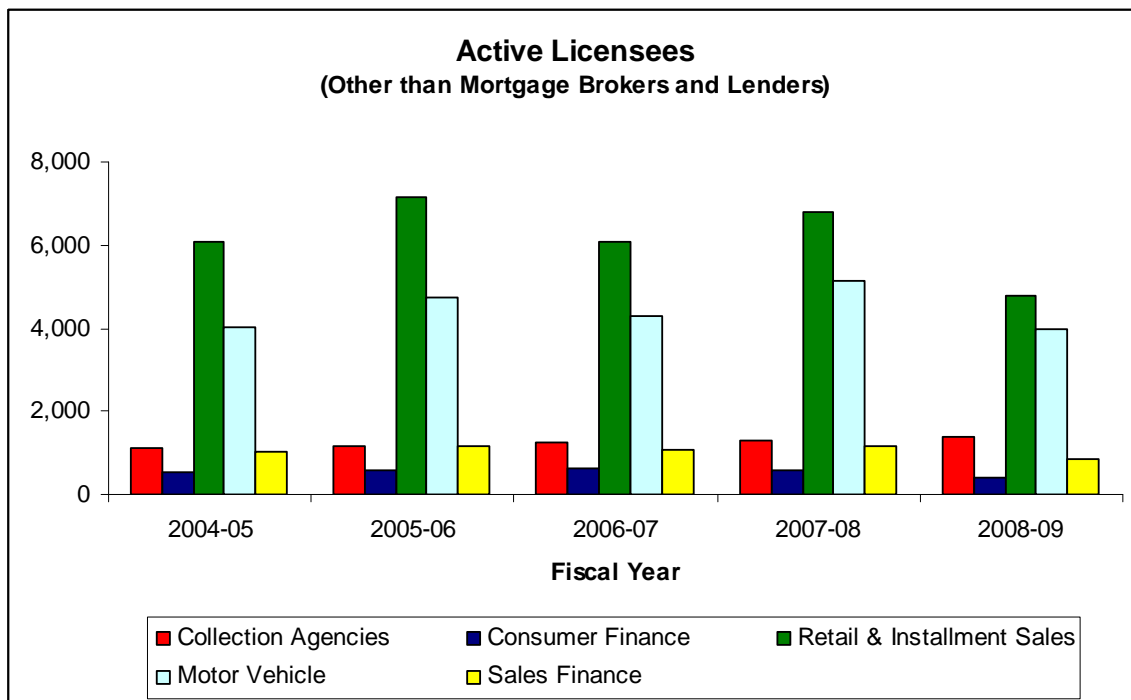
Significant legislation signed by Governor Crist on June 29, 2009, requires loan modification companies to become licensed effective January 1, 2010. This new legislation will require state and federal background checks and prevent certain convicted individuals from becoming active in the lending industry, while delaying the entry of others.

Examinations conducted pursuant to Chapter 494, Florida Statutes, require extensive on-site procedures and higher-level review and approval processes prior to finalization. These intensive processes have resulted in a more effective program as demonstrated by the increase in enforcement actions evolving from examinations. Enforcement staff took a total of 259 actions in Fiscal Year 2008-09.

Finance Regulation will be focusing more resources on the fraudulent transactions that are identified through the complaint process or other sources, including the mortgage fraud taskforces established around the state, Florida's Office of Attorney General, and other state and federal agencies. It is expected that the new regulations in Chapter 494, Florida Statutes, requiring companies that offer loan modifications to be licensed and regulated will add additional caseload to the Bureau's workload. These cases will involve advance fee

schemes for modifications that are never consummated. As of September 2009, the Florida's Office of Attorney General has a dozen active cases against these types of entities.

Historically, the repercussions from a market downturn will continue long after the market experiences recovery. For July and August, 2009, Finance Regulation opened 703 consumer complaints. If this trend continues, Finance Regulation may receive over 4,000 consumer complaints by end of the current fiscal year. This represents a 70% increase in the number of complaints (2,500) from the previous fiscal year. The Bureau anticipates continuing to receive consumer complaints that identify fraudulent activity and abusive lending practices which took place during the lending market downturn.



### Bureau of Money Transmitter Regulation

The Bureau of Money Transmitter Regulation (MTR) regulates the money services businesses, including check cashers, funds transmitters, payment instrument issuers, foreign currency exchangers and deferred presentment providers (payday lenders). MTR is responsible for the enforcement and administration of Chapter 560, Florida Statutes.

Senate Bill 2158 passed by the Legislature in 2008 strengthen regulatory oversight of the money services businesses (MSBs) which are regulated under Chapter 560, Florida Statutes. The requirements of this legislation went into effect on January 1, 2009. MTR implemented new administrative rules, altered its examination procedures, drafted new procedures for criminal referrals, hired

outside contract examiners, established new positions authorized by the Legislature, signed a Memorandum of Understanding (MOU) with the Department of Financial Services (DFS) Division of Insurance Fraud for criminal referrals and sharing of information, and crafted new performance measures for MTR as a result of the new legislation.

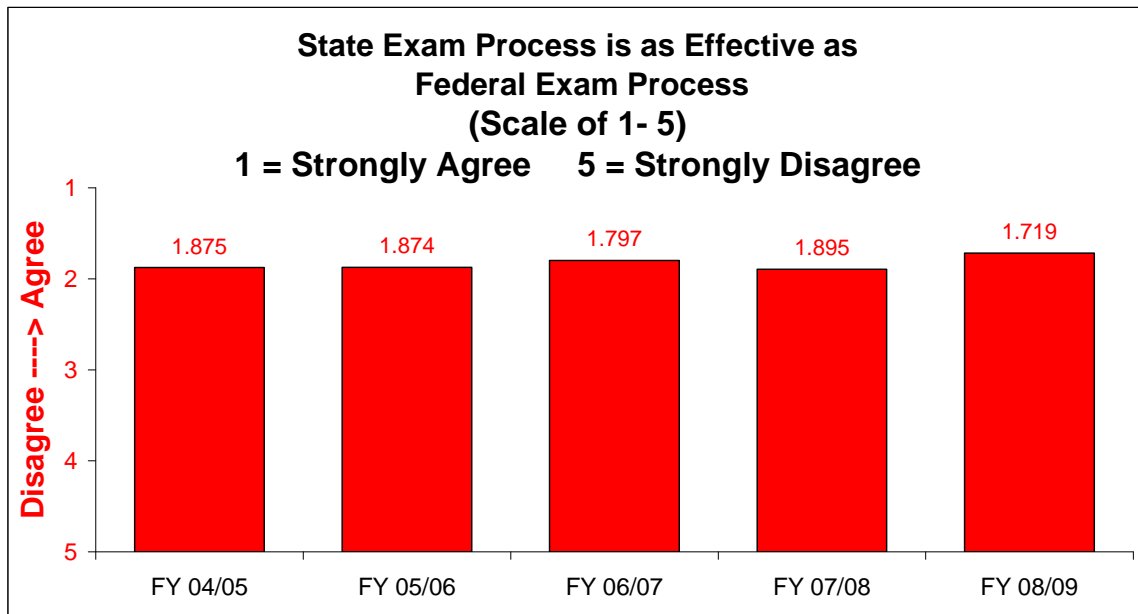
As of January 1, 2009, MTR was required to begin examining all new licensees within six months of licensure and each licensee at least every five years. In order to supplement existing examination resources, the Legislature authorized \$500,000 to hire outside third party examiners to conduct examinations. As of July 1, 2009, there were a total of 1,437 licensed entities under Chapter 560, Florida Statutes. The estimated number of new licensees for 2009 is approximately 240. Annually, MTR estimates approximately 467 examinations per year will be required in order to meet its new statutory mandates. In Fiscal Year 2008-09, MTR completed 182 examinations resulting in 95 formal actions. MTR has streamlined processes and procedures to continue to increase internal examination production. Additionally, the external contract examiners will conduct between 150-200 initial examinations of new licensees. MTR will also begin involving outside contract examiners in more routine examinations in the coming year, and will continue to add additional external resources as necessary to meet all of the statutory requirements.

**GOAL #2: Ensure the safety and soundness of the state financial institution system**

All states in the United States operate under a dual-banking system. The term “dual banking system” refers to the dual state-national chartering and regulatory programs established for commercial banks and credit unions. It is a unique regulatory system that embodies the principle of checks-and-balances on power. The dual banking system provides financial institutions a choice in state or federal chartering, reduces the potential for preferential or unwise actions, and promotes creativity.

The “state” component of the dual banking system allows local oversight, bringing financial institution regulation closer to the citizens, their communities, and legislative leaders. Laws and regulations can be tailored to meet the particular needs of the communities, providing a more responsive financial system. The state component has promoted ingenuity in the development of products and services.

State-chartered banks are generally community banks that provide individuals and local businesses with the competitive financial services they need. The accessibility and responsiveness of state regulators, who have a unique interest in and understanding of the needs of the citizens in the state in which they live and work, is not typically matched at the federal level. The Office surveys state financial institutions annually to determine if its regulation is fair, balanced and responsive. The following chart demonstrates the Office’s historical success in providing quality regulation as rated by state financial institutions:



The United States has been in a recession since December 2007, the longest economic contraction since the Great Depression. Worse than expected

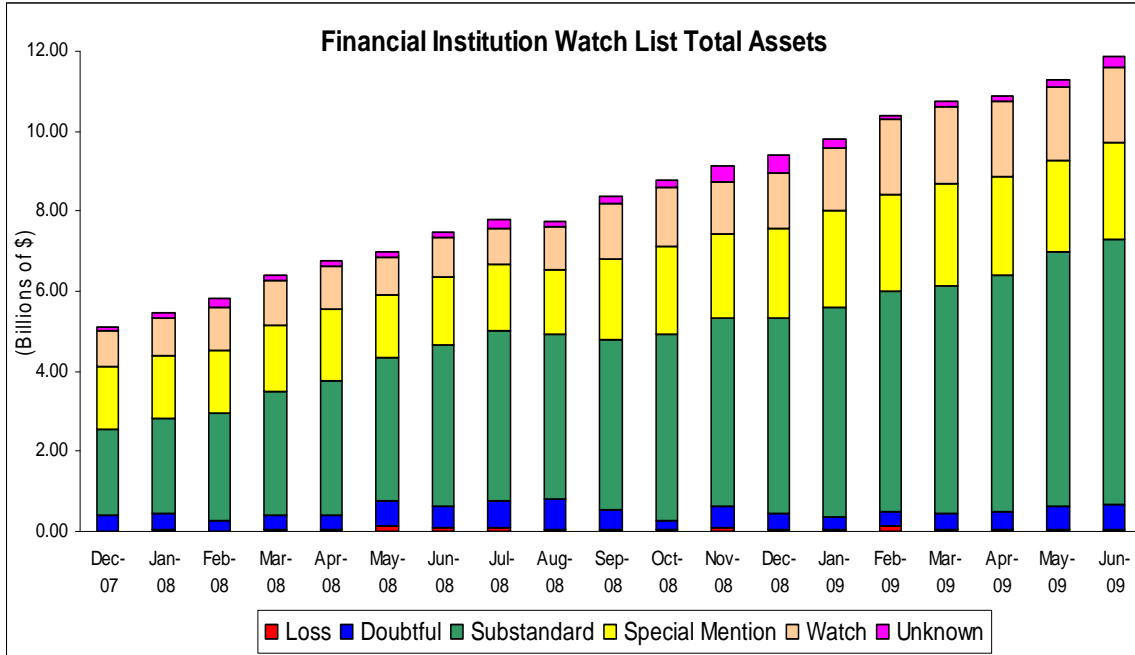
employment figures and economic weakness, particularly in the credit and residential real estate sectors, have fueled this recession. Mortgage difficulties spread to the financial markets and it became clear that any projections of a quick adjustment in the housing markets were unrealistic. Commercial real estate and credit card defaults are predicted to be next major crisis areas affecting the financial institution industry. These negative economic conditions are expected to persist for a significant period of time.

Until recently, Florida's population was one of the nation's fastest growing. Since 1996, Florida has led the nation in the number of new banks opened. However, the current recessionary period has dried up the pool of potential new bank investors such that limited, if any, de novo application activity is anticipated until the economy recovers.

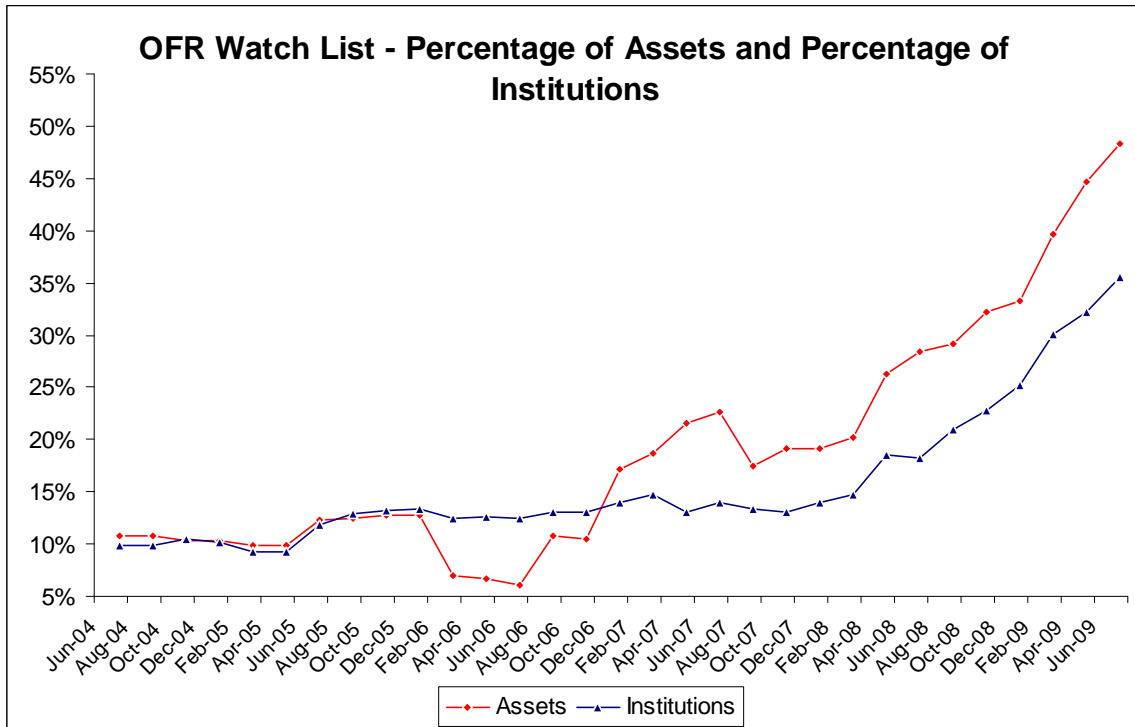
With the end of the housing boom and the beginning of the real estate market downturn, Florida's economy has slipped to virtually no growth on a year-over-year basis. Two key measures of employment are job growth and the unemployment rate. While Florida led the nation on the good-side of these measures during the boom years, the state is now worse than the national averages on both measures. In July 2009, 41 of Florida's 67 counties experienced double-digit unemployment rates. A growing inventory of unsold houses, coupled with the spreading credit crisis, dampened residential construction activity throughout the entire state. Mortgage delinquencies and foreclosures have become commonplace as property prices declined throughout the state.

The financial institution industry in Florida has been dramatically impacted during this economic recession. Unemployment in Florida hit 10.6% in June 2009. Home values have declined dramatically throughout the state. As a variety of adjustable rate mortgage loans reset during the last two years, many homeowners were "underwater" (loan balance exceeded appraised home value) and were not able to refinance to lower fixed rate loans. Homeowners have lost their homes to foreclosure in record numbers. The ultimate impact to financial institutions has been a significant increase in delinquent/non-performing loans as well as significant increases in the level of foreclosed/repossessed real estate, resulting in the depletion of equity capital and unprecedented loss of income.

The following graph reflects the increasing growth trend of troubled assets in Florida's state-chartered institutions:



As the economic recession has progressed in Florida, the Office has seen a dramatic decline in the overall condition of state financial institutions. The following graph reflects the increasing level of state institutions under heightened supervision based on number and assets:



Financial institutions are assigned a rating ranging from 1 (highest) to 5 (lowest) to reflect the soundness of management, the quality of loans or assets, and the overall operation. The numbers of state financial institutions that are rated 3, 4, and 5 have increased significantly.

Almost 57% of all state institutions were under an administrative action as of August 2009, an increase of over 23% since December 08.

The program historically has been able to meet its statutorily mandated duties of examining and regulating state financial institutions; however, *the program is unlikely to meet its statutory duties in the near term.* In normal economic times, large banks must be examined every 12 months rather than once every 18 months (as required by statute), under alternating examination agreements with federal regulators. However, the increasing number of problem institutions must also be examined with greater frequency and these examinations are more time consuming and require more detailed evaluation and review at the headquarters level to ensure that appropriate corrective measures are implemented.

For over ten years, the Office has operated under performance based budget measures that require the Office to transmit a completed bank examination to the bank within 45 days from the date examiners leave the bank. Until Fiscal Year 2008-09, the Office met its approved standard of 90%. For Fiscal Year 2008-09, the Office transmitted 69% of completed bank exams within the required time frame. The failure to meet this measure is a direct reflection of the current condition of state financial institutions and the staffing challenges with which the Office has been dealing. The Office anticipates that a similar measure for credit union exams will not be met during Fiscal Year 2009-10. Timely reporting of examination findings provides an examined institution the opportunity to promptly begin implementing its own corrective measures. It also allows the Office to intervene earlier, if needed, and impose informal or formal administrative actions to correct noted deficiencies.

Since August 2008, there have been eight bank failures (five were state-chartered) in Florida and one large credit union was placed into conservatorship. A total of 92 banks have failed nationwide during 2009 compared with 25 in all of 2008. As evidenced by these bank failures, Florida's financial institution system has become significantly stressed. Prior to 2008, the last failure of a state financial institution in Florida was approximately 17 years ago.

Both new and mature financial institutions are vulnerable to economic stresses which are expected to affect the financial institution industry in Florida for a significant time in the future. It is essential for the Office to have sufficient experienced examiners during these difficult economic times. Turnover and retirements have resulted in the loss of significant experience. The Office currently does not have a sufficient number of experienced examiners to address this crisis.

State, national and international economies are outside influences over which the Office has no control, but which have direct impact on the health of state financial institutions. Nonetheless, the Office has to address the ramifications of these influences.

It has become increasingly difficult to deal with the effects of the economic recession on state financial institutions as experienced examiners retire, and less experienced examiners comprise the majority of the examination workforce. Management also has had to deal with the loss of a number of experienced examiners to the financial institution industry and, most recently, to federal regulatory agencies (Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency) who have hired the experienced financial institution examination staff for their newly formed problem bank units. The federal regulators offer salary levels that are double the salaries of existing staff. As of September 1<sup>st</sup>, 15 examiners have resigned from the Office during 2009. Of these, ten examiners left for jobs with federal regulatory agencies (FDIC and OCC).

Currently, the Office's financial institution examiner staff has 45 examiners out of 73 currently filed positions with over three years experience. This means that approximately 62% of the examiners are fully trained (it typically takes approximately three years for an examiner to gain sufficient experience to function as examiner-in-charge of a moderate-sized healthy bank). When the 17 currently vacant examiner positions are added, the percentage of fully trained examiners falls to 50%. The turnover percentage for examiners during 2009 is 20.5%

During the 2009 Legislative session, the Legislature authorized eight new "super-examiners" at higher level salaries to create a troubled bank unit. *The Office's inability to retain experienced financial institution examiners places the financial institution industry and the citizens of Florida at risk.*



**GOAL #3: Improve the efficiency and effectiveness of the financial services industry licensing process**

The Bureau of Regulatory Review in the Division of Finance and the Bureau of Regulatory Review in the Division of Securities contribute to this goal. Through these bureaus, the Office seeks to provide protection for consumers from unregulated and illegal activities while providing an environment conducive to capital development and growth of the securities, finance and money services business industries in the state.

In support of the agency's regulatory mission, the Office successfully implemented the Regulatory Enforcement and Licensing (REAL) System in January, 2009. The REAL System provides the Office with an integrated financial regulatory management system by combining core processes for fiscal, licensing, investigations, examination, legal and complaint functions. The REAL System is based on the concept of a consolidated database of information. Through a design developed specifically for OFR known as the Entity Comprehensive View, staff can access data related to a regulated entity from a single point in the system. This feature contributes to aligning the agency's business units and processes to more fully support the enforcement authority of the Office.

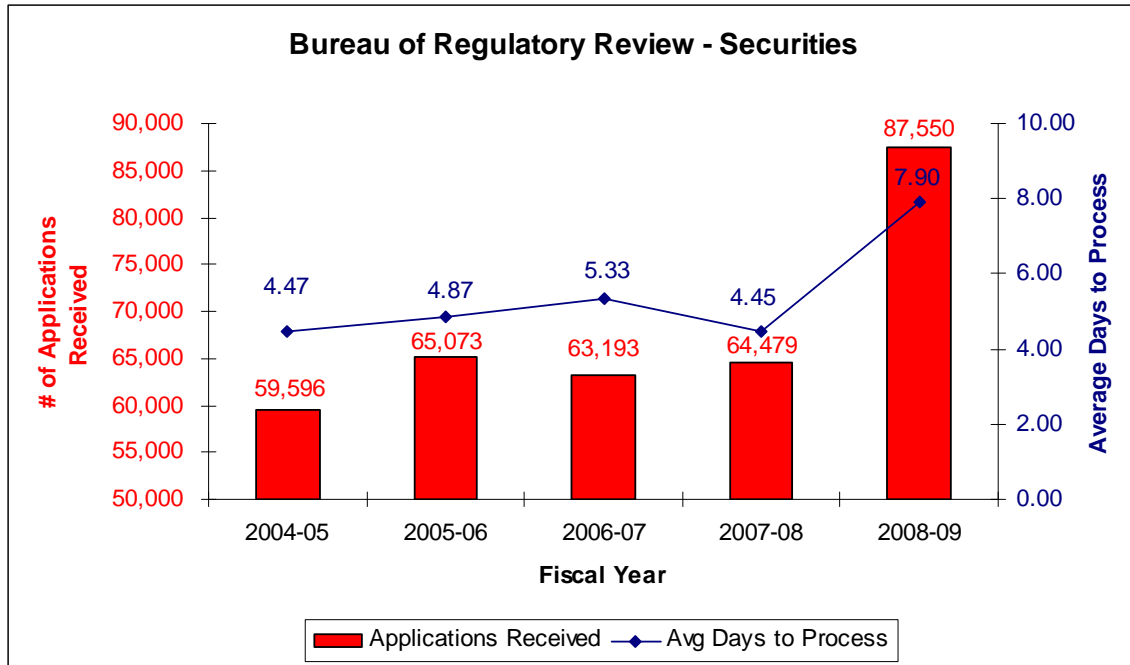
The REAL System supports the agency's initiative to improve public access to licensing information. For most license types regulated by the Office, applicants can file initial applications, renew licenses and manage license information on-line. Certain licensees can upload financial statements and quarterly reports. The on-line licensure feature provides 24 hour access to applicants and licensees and has resulted in faster turn around times for processing of initial applications and renewals. The system provides components that allow the public to: inquire about licensed entities and individuals through an on-line tool that displays license status, disciplinary history disclosure details reported by the applicant and final orders issued by the agency; search and view final orders and declaratory statements; file complaints and supporting documentation on-line; and download licensing records. By making information readily available on-line, the efficiency of the program will be improved.

**Bureau of Regulatory Review – Securities**

The Bureau of Regulatory Review – Securities (Securities Regulatory Review) is responsible for the review of 13 different application types including dealers, investment advisers, branches and associated persons. State law requires firms or individuals selling or offering securities or offering investment advice in, to, or from Florida to be registered with the state, unless exempt. Dealers and investment advisers conducting business from a home or branch office location in Florida are also required to register.

The purpose of evaluating and processing applications for registration is to protect consumers against illegal activities. The review conducted by Securities Regulatory Review is designed to ensure that firms and individuals are allowed to conduct business in Florida only if they meet the registration requirements established by the statute and rules. Securities Regulatory Review provides an avenue for consumers to seek information about the financial services industry. Securities Regulatory Review also processes two application types to register securities offerings sold in Florida, Securities Notifications and Qualifications. This review is designed to ensure investors have access to full and fair disclosure of all relevant investment information.

Nationally, Florida is ranked in the top three states in the number of registered securities agents and firms. Currently, the Division of Securities regulates 18,730 securities firms and associated branch offices, and 262,245 securities agents. The ongoing financial crisis has had a significant impact in the area of securities registration. Emerging industry trends reflect that there is a reduction in new individuals seeking employment in the securities industry and a greater movement among individuals already established within the industry. Generally, the firms are seeking to hire individuals who have an established clientele, whereas individuals new to the industry will not have these established customer relationships. With recent mergers and acquisitions in the industry causing an uncertainty among registered personnel, many have been prompted to seek employment with more stable firms. Historically, registered individuals have more disciplinary background disclosures than those individuals who are new to the industry, resulting in a greater volume of individual applicants with a disciplinary background. The Florida Securities and Investor Protection Act mandates the review of applications for registrations including, but not limited to, the substantive review of an individual's disciplinary background.



The majority of applications processed are received through the Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) Systems of the Financial Industry Regulatory Authority (FINRA, formerly known as the National Association of Securities Dealers). The REAL System supports the processing of these filings by providing functionality to track licensing issues requiring action. Application filings for Issuer Dealers and other non-FINRA member firms, branches, agents and securities offerings are filed directly with the Office and processed through REAL. Securities Regulatory Review will mandate the filing of these application types on-line through REAL during Fiscal Year 2009-10.

The Office pursued legislative authority in the 2009 legislative session to enhance licensing standards, including heightened standards involving criminal arrests and regulatory actions. House Bill 483 (companion SB 1126) passed the Florida Legislature and provides the following:

- Allows OFR to suspend or restrict registration if the registrant is arrested for a crime
- Provides OFR authority to establish waiting periods for persons who either are convicted or enter a plea of nolo contendere to certain felonies and misdemeanors
- Requires fingerprint cards to be filed for direct or indirect owners or principals of applicants

The enhanced licensing requirements will support efforts to increase OFR's focus on reviewing applicants and registrants with disciplinary disclosures. Specifically individuals with a criminal background will be subject to heightened scrutiny and strict legal requirements. While applicants must disclose disciplinary events at

the time of the initial application, they also have a duty to report any updated disciplinary matters in a timely fashion. Disciplinary updates related to licensed firms and individuals are reported through the CRD/IARD. In Fiscal Year 2008-09, 1,185 actions, withdrawals or denials, resulted from the substantive review process applied to applications. Securities Regulatory Review receives approximately 19,000 disciplinary updates on registrants each fiscal year. Currently disciplinary update reviews are focused on regulatory actions and criminal disclosures which may provide a legal basis for regulatory action. In order for this process to be effective, the scope must be expanded to include consumer complaints, bankruptcies, judgments, and terminations for cause.

Securities Regulatory Review will include a request for four additional analyst positions in the Fiscal Year 2010-11 LBR, for the substantive review of applications and the review of disciplinary updates that need evaluation to enforce the Florida Securities and Investor Protection Act. This type of substantive review strengthens the Office's position as a regulator and sends a message to the industry that disregard for the law will not be tolerated. This will enhance both the registration and enforcement programs.

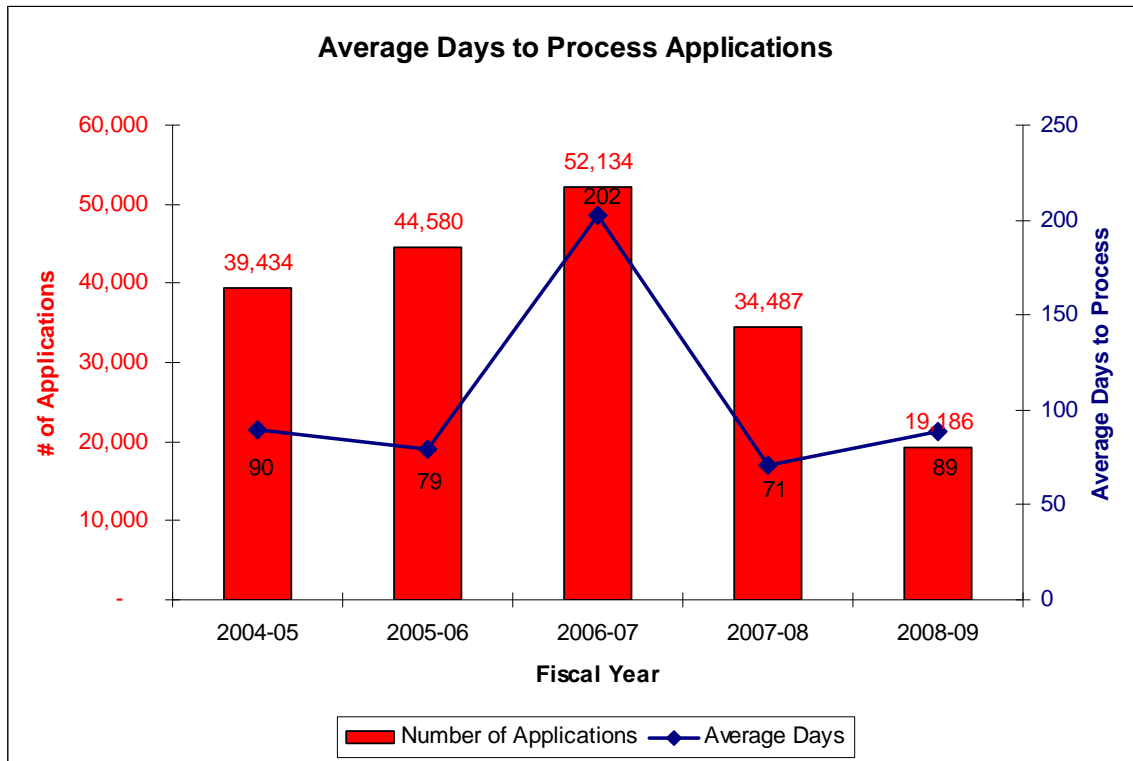
### **Bureau of Regulatory Review – Finance**

Currently, the Office regulates over 7,700 mortgage companies and associated branch offices, 33,000 individual mortgage brokers, 9,700 installment sales companies and associated branch offices, 1,300 collection agencies, 390 consumer finance companies, and over 1,400 money services businesses, 1,100 associated branch offices and 38,000 authorized vendors. Staff processed over 38,500 filings, which included applications, renewals and amendments, during Fiscal Year 2008-09. It is the objective of the Bureau of Regulatory Review – Finance (Finance Regulatory Review) to process all filings in a timely fashion. In the last five years the Office has seen significant changes in the mortgage industry that resulted in a major growth in the number of business and individual applications followed by a decrease in applications during the last fiscal year.

In conjunction with the final release of the REAL System, OFR has been working with the Financial Services Commission to adopt rules to mandate online filing of all applications, renewals and amendments via the REAL System. Through process reengineering necessitated by the REAL System and online filings, Finance Regulatory Review has improved the overall efficiency of the entire licensing process, especially for renewals. During the August 2009 mortgage broker renewal period, over 33,000 individual licenses were renewed in an average of less than one day. Compared to mortgage broker renewals in 2007 (over 55,000 processed within an average of 15 days) this resulted in a 96.7% reduction in the number of days to process. Furthermore, with the implementation of the REAL System, licensees were able to print their license online immediately following the renewal of their license. This resulted in

reduction in postage cost and a two to four week delay in licensees receiving their new license.

Additionally, the Office has improved the effectiveness of its licensing process in two other areas. The first comes in more in-depth internal background checks. With the implementation of the REAL System, analysts have more information at their disposal concerning applicants and licensees. This gives staff the opportunity to focus more on the substantive issues (i.e., applicants with disciplinary history or enforcement problems) rather than just volume processing. Finally, the Financial Services Commission adopted rules relating to law enforcement records that establish waiting periods for persons who either are convicted or enter a plea of *nolo contendere* to certain felonies and misdemeanors. As a result of this heightened scrutiny, the actual number of days required to process the more problematic applications has increased slightly. This type of substantive review serves to protect the public by screening individuals with criminal backgrounds



In addition to the changes brought about by the REAL System, the U.S. Congress recently passed the SAFE Mortgage Licensing Act (SAFE Act), which was effective in July, 2008. This new federal law requires that all loan originators (which includes mortgage brokers) become licensed with the Nationwide Mortgage Licensing System (NMLS) developed by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Lenders (AARMR). Additionally, all states must comply with minimum licensing

standards as established by the SAFE Act. The 2009 Florida Legislature approved changes to Chapter 494, Florida Statutes, to bring Florida into compliance by passing Senate Bill 2226. Among the major changes is a requirement that the Office begin participating in the NMLS by Fiscal Year 2010-11. Effective October 1, 2010, all applications, renewals, and amendment filings must be filed via the NMLS for the mortgage industry. As a result of the significant changes to the licensing standards mandated by federal government, Finance Regulatory Review requested additional positions in order to accommodate the increased demand on resources. The 2009 Florida Legislature appropriated five additional full-time positions and OPS money to manage the significant workload these changes which are expected to have on how the mortgage licensing process.

#### **GOAL #4: Increase consumer confidence in the financial services industry**

To be effective, the Office strives to improve consumer confidence by: providing consumer and industry outreach; conducting thorough risk-based examinations; responding to consumer complaints; and taking swift enforcement action in the case of wrong-doing. This approach not only encourages compliance and punishes offenders, but also provides protection for the citizens of Florida.

#### **Consumer Outreach**

The Office is focusing its efforts on combating a growing problem concerning financial and investment fraud against consumers. One of OFR's main goals is to protect the investing public and consumer education is a tremendous tool in the fight against financial and investment fraud. Financial education fosters financial stability for individuals and for entire communities. The more people know about credit, banking, and investing, the more likely they are to increase savings, buy homes and improve their financial health and well being, and, as a result, not become a victim of financial or investment fraud. Each year the Office reaches out to Florida's senior, military, youth, minority and general population.

In 2005, the Office started an outreach project for seniors, ***Florida Seniors Against Investment Fraud***. This program is offered in partnership with Seniors vs. Crime, which is sponsored by the Florida Office of Attorney General. The program is now in its third year and reached over 5,200 seniors in Florida through 64 presentations.

The Financial Industry Regulatory Association (FINRA) Investor Education Foundation, in collaboration with the Office and the American Association of Retired Persons (AARP), developed the **Investor Protection Campaign for Older Investors**. The campaign is a targeted effort to reduce the incidence of investment fraud among older investors by teaching the tactics used by fraudsters and the steps every investor can take to reduce their risk. Information is provided through investor education forums held in areas with large senior populations. Florida was one of two pilot states for this program, which has now been expanded nationwide. The Office has participated in three investor forums in conjunction with this program: The Villages in April 2008; Daytona Beach in October 2008; and Boca Raton in April 2009. Three additional investor forums are scheduled for Jacksonville in September 2009 and Sun City and Fort Myers in October 2009.

The Office reaches out to military personnel in the United States Air Force (USAF) who reside in Florida. ***Investor University on Base*** is a five-week investor education program currently offered at Tyndall Air Force Base (AFB), Hurlburt Field, and Eglin AFB. Each base offers the five-week program four times a year. The program started in February 2007 and, as of March 2009, 2,700 military personnel have attended the program.

In order to reach out to Florida's youth, in February 2008, the Office partnered with the Florida Department of Education to help the agency obtain a \$175,000 grant from the Investor Protection Trust (IPT). The grant funds were used to develop an investing module for a new mathematics course, which includes the Financial Literacy Body of Knowledge standards and benchmarks approved by the Florida Commissioner of Education and State Board of Education in September 2007. The investing module, ***Individual Financial and Investment Planning***, will have an emphasis on investing, accounting, and financial security.

In 2008, the Office offered a new investor education program to Floridians, ***Investor Education @ your library***<sup>®</sup>. The program was held at 13 public libraries throughout Florida with over 800 attendees. ***Investor Education @ your library***<sup>®</sup> is a 90-minute non-commercial presentation followed by break out sessions to cover the basics of bonds, stocks, mutual funds and saving for college and retirement.

With Florida's diverse population, the Office understands the need to reach out to minority communities about financial fraud protection and role of the Office. In September 2007 and February 2008, the Office conducted five-week public service campaigns to the Haitian community in south Florida. The message was delivered in Creole via posters and radio public service announcements. OFR's Miami regional office received hundreds of phone calls from the Haitian community as a result.

OFR's most recent campaign started in July 2008. The Office partnered with Florida Public Broadcasting Service (PBS), Inc., the statewide non-profit association of PBS and National Public Radio (NPR) stations throughout Florida, to launch ***Florida Investor Protection Program***. The statewide campaign was designed to educate and protect Floridians against investment fraud. The ***Florida Investor Protection Program*** broadcast campaign, which ran from July through November 2008, educated potentially millions of Floridians reached weekly by Florida Public Broadcasting. OFR's Toll Free Consumer Help Line Number (1-800-848-3792) was featured on PBS and NPR public service messages, in addition to the website [www.fl-investprotect.org](http://www.fl-investprotect.org), so Floridians with questions or concerns about investor fraud can call to get help and information.

In August 2008, the Office participated in the three ***HOPE NOW Alliance Foreclosure Workshops*** in Orlando, Fort Myers and Miami. Approximately 3,200 people attended the workshops. The 2009 Florida workshops were held in Miami and Orlando, with over 3,900 Florida consumers attending. Office staff will continue to work with consumers who maybe victims of mortgage fraud.

As of July 2009, over 25,000 consumers have participated in the Office's financial and fraud protections programs. In addition to outreach educational programs, the Office continues to provide consumers with current non-commercial financial and investing resources via the internet. OFR's website,



[www.flofr](http://www.flofr), offers a range of information regarding banking, finance and securities issues.

### **Industry Outreach**

The Office also provides information through outreach programs to the regulated industries. These programs improve compliance by educating the industries and are conducted by all of the Office's divisions:

The Bureau of Finance Regulation offers presentations to various industry groups at the state level. These involve specifics on statutes and rules, which form the Office's regulatory authority and informs attendees about the types of violations typically found during an examination by the Office.

The Division of Securities makes presentations at various industry compliance seminars. Topics focus on issues related to securities dealers and investment advisers, legislative initiatives and regulatory concerns identified during examinations and the application review process.

The Division of Financial Institutions (DFI) makes presentations to a variety of organizations. With respect to the financial institution industry, DFI conducts periodic seminars for new financial institution directors. In addition, DFI staff has made presentations at the Florida Bankers Association's (FBA's) Bankers Education Expo, the Florida Credit Union League's (FCUL's) Annual Meeting, and Florida International Bankers Association (FIBA) conferences and seminars. During Fiscal Year 2008-09, Division staff made presentations at nine different functions related to the financial institution industry.

### **Examinations**

The examination programs for the Securities, Finance and Money Services Business industries continue to evolve as the Office moves toward greater use of technology in the targeting, analysis and management of risk-based examination activities. Monthly statistics are compiled to provide management with needed information for follow-up and action on examinations to ensure a thorough and timely process.

### **Finance Regulation**

A management evaluation revealed that certain examinations conducted in previous years had focused heavily on quantity and included reviews that did not provide a thorough, in-depth analysis of an entity. These reviews were focused on determining compliance with statutory fees and rates, and not geared to identify fraudulent practices. Management also identified a need to increase staff training to ensure that proper examination procedures were employed in all examination areas. Thus, the decision was made to move from a quantity driven

process to a more quality focused process. OFR intends to shift the focus of its examination program from simple compliance to enforcement.

In prior fiscal years, the number of licensees had steadily increased while the number of hours required to perform examinations had also increased. While the licensee numbers have reduced during this past fiscal year, the Bureau of Finance Regulation (Finance Regulation) currently regulates over 33,000 mortgage broker individuals and 7,700 mortgage broker businesses and lenders. Recent federal legislation designed to prevent foreclosures and stabilize the declining housing market will have a significant impact on the operations of Finance Regulation both in licensing and examination areas.

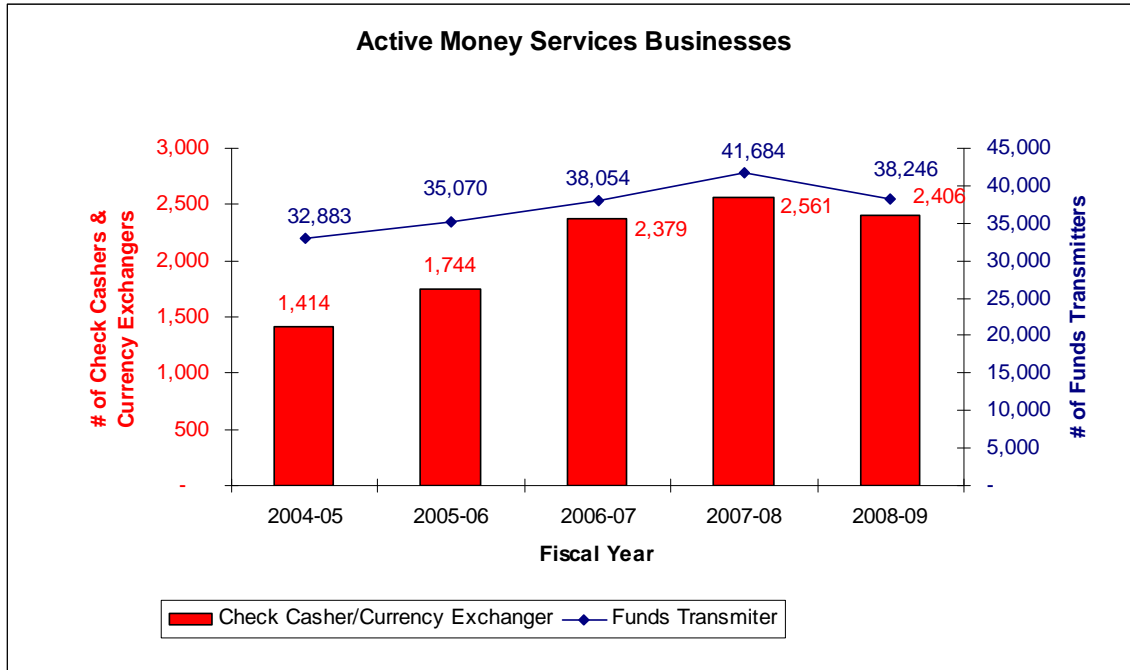
Finance Regulation staff are trained on state and federal legislation and primarily focus on high-risk targets to maximize staffing resources in an attempt to decrease fraudulent activity and improve compliance with statutes.

The examination staff must remain vigilant to recognize changes in lending practices, identify concerns surrounding sub-prime mortgage lending, monitor and evaluate the consumer's exposure in order to limit the opportunities for fraudulent activity. With current economic conditions, interest rate fluctuations, weaknesses in key industries and fraud, the Office must initiate prompt corrective actions to monitor and manage these threatening circumstances.

### **Bureau of Money Transmitter Regulation**

The Office has over 1,400 licensed firms, 1,100 branches and approximately 38,000 registered authorized vendors of money services businesses (MSBs). These businesses provide a wide variety of financial services for their customers including wire transfers, money orders, traveler's checks, foreign currency exchange, and check cashing. The Bureau of Money Transmitter Regulation (MTR) focuses on protecting the assets of consumers who entrust money with these entities, and with compliance with state and federal laws especially in the area of anti-money laundering.

As discussed previously, MTR is required to examine licensed entities once every five years and within six months of licensure.



### Bureau of Securities Regulation

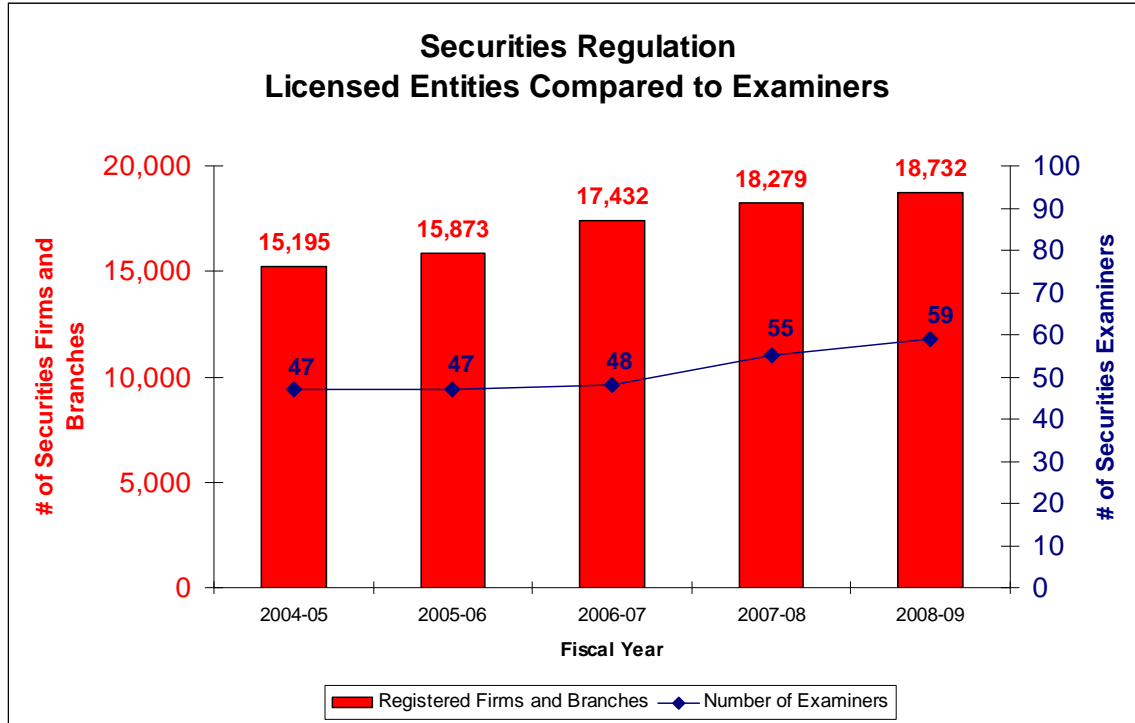
The Office has 7,549 firms, 11,285 branches and 262,245 individual agents actively registered. These registrants deal almost exclusively with small investors in Florida. The federal securities regulators and self-regulatory organizations (i.e., SEC and FINRA), focus primarily on national market issues and the financial condition of firms. Securities Regulation focuses its efforts primarily on protecting Florida’s investors through the review of consumer complaints, and the on-site review of required books and records and sales practice issues, and conducting consumer and industry outreach.

Due to the large number of registrants, Securities Regulation has employed an analytical approach in targeting examinations. Securities Regulation focuses its efforts on conducting risk-based, special and enforcement examinations. Risk-based examinations are those exams selected using a risk measurement tool. Risk-based examinations gather information on identified risks, mitigate the risks through facilitating the way the firm or agent conducts business and, if appropriate, take administrative action. Special examinations are focused on the investigation of consumer complaints alleging fraud or sales practice abuses. Special examinations collect and analyze records relating to the agent’s or firm’s actions, and involve interviews of the agents, appropriate personnel and the complainant. Enforcement examinations are initiated when there appears to be illegal activity leading to the potential loss of customer funds or other investor harm is occurring. Enforcement examinations are also commenced when the scope or complexity of the examination is very broad, or there is a reasonable basis to believe customers have been or will be harmed.

To make the most effective use of resources, Securities Regulation uses this same system to classify examination staff as risk-based examiners and enforcement examiners. Risk-based examiners concentrate their activities on reviewing consumer complaints, conducting risk-based and special examinations. Risk-based examiners are expected to complete their review of consumer complaints or initiate an examination of the firm or associated person within 90 days. Risk-based and special examinations are narrow in scope and are expected to be completed or referred to an enforcement examination within 180 days.

Enforcement examiners generally have greater experience or expertise that allows them to conduct more complex examinations. Enforcement examinations will typically be commenced when: (1) there appears to be significant violations of statutes or rules, or illegal activity (i.e., fraud or abusive sales practices) leading to the potential loss of funds is occurring or has occurred; (2) the scope or complexity of the examination makes it time consuming and resource intensive; or (3) there is a reasonable basis to believe that customers have been harmed or there is a significant potential that customers will be harmed.

The classification system allows the review of consumer complaints, risk-based and special examinations to proceed in a timely manner. However, based upon the securities market turmoil, Securities Regulation has been faced with a significant increase in the number of complaints and complex examinations. This has impacted the ability of these examiners to focus on the risk-based component of the examination program. In Fiscal Year 2008-09, Securities Regulation identified approximately 60 examinations identified through risk-based targeting that could not be commenced due to lack of resources.



### Consumer Complaints

In today's business world, the Internet and numerous media sources give consumers greater access to financial information. With this access comes significant potential for fraudulent activities. Consumers can file complaints with the Office through OFR's website, [www.flofr.com](http://www.flofr.com), or by paper submission. These complaints will be sent to the regional offices that are in the best location to assist in the complaint review process. In cases in which the complaint review discloses potential statute or rule violations, the complaint can be converted to a full-scale examination.

#### Bureau of Finance Regulation

During Fiscal Year 2008-09, the Bureau of Finance Regulation worked 2,865 financial service industry-related complaints. Of these, approximately 80%, or 2,286 complaints, warranted internal referral for further action. Complaints will be reviewed and closed within 180 days of receipt. This will require the staff to assist the consumer on a timely basis.

Consumer complaints can become very time intensive in certain cases. Although OFR does not currently have jurisdiction regarding loan modifications and can not require licensees to modify the terms of a loan, OFR assists the consumer by contacting the mortgage lender/servicer and requests assistance. Effective January 2010, loan modification companies will be required to register with OFR. Mortgage lenders and servicers generally reply to OFR, explaining the terms of

the modification or what the consumer has to provide the lender in order to receive a modification. In some cases, the response identifies the reason why a loan modification could not be granted. The level of consumer assistance required for loan modification requests takes considerable time and effort on the part of examiners, even though the Office does not have jurisdiction.

### **Bureau of Securities Regulation**

The securities industry has been significantly impacted by the ongoing financial crisis in the credit markets, as well as drastic swings in the equity markets. With this downturn in the economy, Securities Regulation has observed a significant increase in consumer complaints. For Fiscal Year 2008-09, Securities Regulation received 485 complaints, an 83% increase in comparison to 265 complaints received for Fiscal Year 2007-08. To ensure that consumers receive timely resolution, complaints will be processed and closed or referred to an examination within 90 days after receiving the complaint.

### **Staff Training**

A well-trained examination staff is one of the strongest tools available to OFR in its on-going effort to detect fraud and enforce industry compliance. Due to the ever-increasing complexity of financial products, the Office will continue its efforts to enhance staff training by ensuring that a variety of options are available.

### **Division of Finance**

The Division of Finance (Finance) has focused training efforts toward mission essential tasks and training occurs frequently and routinely throughout the various bureaus. New staff generally receives new employee orientation within the first several months of employment and new examiner training every six to eight months with a focus on basic program area knowledge, skills and abilities. Specialized training is also offered on any new state or federal legislation that impacts targeted program areas.

### **Bureau of Finance Regulation**

The Bureau of Finance Regulation (Finance Regulation) has previously hosted national regulatory organizations such as the National Association of Consumer Credit Administrators (NACCA) examiner schools and the NACCA Annual Meeting. Finance Regulation has also hosted training by the National White Collar Crime Center for OFR staff.

Management identified a need to increase staff training to ensure that proper examination procedures were employed in all examination areas. Thus, a decision was made to move from a quantity driven process to a more effective

quality-focused process. OFR requested adjustments to performance standards which allow a more intensive on-site process and higher level review.

Formalized training is goal oriented, with each session normally consisting of instruction, assessment and evaluation to equip the new examiners with the knowledge and tools necessary to conduct all but the most complex examinations falling under OFR jurisdiction and build a foundation for future professional growth and development. Further, there is a need to rapidly qualify new examiners to become productive employees.

Because Finance Regulation regulates a broad mix of license types, the training and training partnerships, are also diverse. Based on anticipated or recognized training needs, Finance Regulation has the ability to partner with or affords its staff the opportunity to participate in training offered by the following organizations based on funding availability:

- American Association of Residential Mortgage Regulators (AARMR) – a non-profit association of state regulators of mortgage lenders and brokers which shares information and coordinates with federal regulatory agencies to discuss issues with mortgage industry representatives
- National Association of Consumer Credit Administrators (NACCA) – a non-profit association of state regulators of consumer finance lenders
- North American Collection Agency Regulation Association (NACARA) – a non-profit association of state regulators of collection agencies which covers collection agency trends
- Conference of State Bank Supervisors (CSBS)
- Florida Association of Mortgage Brokers (FAMB)
- Florida Department of Law Enforcement (FDLE)
- Florida Independent Automobile Dealers Association (FIADA)
- National White Collar Crime Center (NW3C)

Where feasible, OFR uses in-house expertise to conduct training. This enhances standardization and provides an additional training benefit for these experts to share their skills, knowledge, and training with fellow staff members.

Computer software training is offered through the Department of Financial Services (DFS) in Tallahassee, affording training to develop and improve skills in using today's technology. In addition, the Office provided staff with extensive training related to the Regulatory Enforcement and Licensing (REAL) System. Additional training is being planned to hone and refine initial skills to more advanced skills on the REAL system.

### **Bureau of Money Transmitter Regulation**

The Office conducts annual training programs for its Bureau of Money Transmitter Regulation (MTR) examination staff, and provides additional

opportunities for staff to attend training provided by outside parties.

MTR examiners attend training schools put on by the Money Transmitter Regulatory Association (MTRA). The week-long examiner school is designed to give an examiner the tools required to serve as an examiner-in-charge of a complex money transmitter examination. OFR is a member of the national MTRA, a cooperative membership of states responsible for regulating the money transmitter industry. The annual training offers training in the joint examination process, where multiple states conduct a single examination of a company operating in multiple states. Additionally, MTRA's annual training provides a forum to exchange ideas and concerns with representatives from the industry and federal government.

MTR also provides opportunities for examination staff to become certified by several regulatory associations including the Association of Certified Anti-Money Laundering Specialists (ACAMS) and the Association of Certified Fraud Examiners (CFE). ACAMS offers a certification program for Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) professionals. With the increased emphasis on money laundering and terrorist financing, MTRU added this program to the training schedule.

Additionally OFR has established an ongoing series of training opportunities with the DFS Division of Insurance Fraud.

### **Bureau of Securities Regulation**

The Office conducts annual training programs for the Securities examination staff, and also provides opportunities for staff to participate in training sponsored by national and state operated organizations such as the North American Securities Administrators Association (NASAA). The Annual Florida/NASAA Annual Broker Dealer Training is an ongoing program that has been developed, coordinated and conducted by OFR for over 15 years, with an average of over 200 examiners and regulatory staff in attendance each year. The program conducted in 2009 consisted of two tracks: Securities 101 and Structured Products and Annuities. Securities Regulation also conducts a mid-year supplemental training program for applicable staff which is intended to strengthen the annual training program.

Securities Regulation has also entered into an agreement with the Financial Industry Regulatory Authority (FINRA) to allow securities examiners to enroll in on-line training courses at a reduced rate. FINRA consulted industry subject matter experts and drew from their own regulatory experience to develop the compliance education courses. Topics are timely and provide 30-minute modules featuring decision-based learning scenarios. Examiners have a year to complete the courses.



Securities Regulation, in coordination with NASAA, is updating the automated examination modules. These modules are designed to provide a step by step guide to assist the examiners when conducting an examination. Depending on the module, the examiners have access to detailed instructions and reference material relating to different areas of operations, customer account review, interview and analysis tools currently used by the bureau and other state securities regulators. The modules allow on-site entry of examination documentation and findings, thus supporting the timely completion of examinations. The enhancements will provide uniformity of examination questions nationally, reduce the examiners' learning curve and provide important statistics to management by utilizing a database version of the software.

### **Bureau of Financial Investigations**

The Bureau of Financial Investigations (Investigations) hosts an annual training conference for all its financial investigators. Management puts forth great effort to make this training informative, timely and specific to the unique requirements of its staff. Attendance at these conferences is available to other OFR employees and outside law enforcement or regulatory agencies.

As part of Investigations' training continuum, new investigators are required to attend the Division of Securities and Division of Finance annual training programs for their first two years of employment as an investigator. During these week-long training sessions, new investigators are provided eight hours of specific new investigator training by management.

In addition to its annual training program, Investigations provides introductory training for new investigators. New investigators are defined as investigators employed by Investigations for less than one year. This introductory training provides new investigators with a strong foundation regarding their roles and responsibilities as financial investigators for OFR. The training has developed into a one-week program and is typically conducted in one of the OFR Regional Offices.

The Bureau of Financial Investigations previously created lessons in Blackboard uniquely structured to meet the needs of the financial investigative staff. Although the web-based learning program is no longer available, the training materials and evaluations remain viable and accessible.

In 2008, Investigations began a joint training initiative with the Department of Financial Services (DFS) Insurance Fraud investigators and Agent and Agencies examiners. The purpose of this joint effort is to facilitate a closer working relationship with investigators and examiners from the sister agency, DFS. Through the training, the employees for both agencies become more familiar with the roles and responsibilities of the investigators and examiners. It provides a networking opportunity to facilitate team efforts on cases in which DFS and OFR

have a common interest. Two training sessions have been held and others are being planned for the future.

Investigations also takes advantage of appropriate training provided by others, such as the National White Collar Crime Center, the Certified Fraud Examiners, Florida Department of Law Enforcement and DFS.

### **Technology**

In support of the agency's regulatory mission, the Office successfully implemented the Regulatory Enforcement and Licensing (REAL) System in January 2009. The REAL System provides the Office with an integrated financial regulatory management system by combining core processes for fiscal, licensing, investigations, examination, legal and complaint functions. The REAL System is based on the concept of a consolidated database of information. Through a design developed specifically for OFR known as the Entity Comprehensive View, staff can access data related to a regulated entity from a single point in the system. This feature contributes to aligning the agency's business units and processes to more fully support the registration or licensing and enforcement authority of the Office.

The REAL System has also provided greater access to the public regarding the entities licensed and regulated by OFR through the Public License Search feature. The search feature returns basic licensure information about an individual or business, as well as disclosure information as reported by the licensee on the initial application or an amendment filing. Disclosure information may include criminal action, regulatory action, pending criminal or civil litigation/arbitration disclosure. The public can also file complaints against licensees regulated by the Office on-line. The complainant can complete a form on-line as well as upload images of supporting documentation to substantiate the complaint. Additionally, the search feature allows the public to view final orders and declaratory statements issued by OFR.

For most license types regulated by the Office, applicants can file initial applications on-line, renew licenses and manage license information. Certain licensees can upload financial statements and quarterly reports. The on-line licensing feature provides 24 hour access to applicants and licensees and has resulted in faster turn around times for processing of initial applications and renewals.

Enforcement cases have become more complex in nature and tend to require greater time for completion. The REAL System assists enforcement staff in the timely start up and assignment of cases and activities. Through the workflow feature of the system, staff and management can receive, work, monitor and move cases through the review cycles in a more efficient manner.

The system provides a data warehouse feature, through which agency management can generate operational and performance reports on demand. These reports provide management with needed information for follow-up activities and action to ensure a thorough and timely process. The data warehouse feature also allows the examination program to utilize risk-based targeting techniques to identify entities to examine. The Office cannot conduct in-depth examinations of every licensed entity and individual under its regulatory jurisdiction, thus the agency will focus on the highest-risk entities and the highest-risk compliance issues as part of its overall scheme for regulation. Identification of these entities and issues will not only support the examination program but will also allow the agency to focus its consumer awareness and industry outreach activities where needed most.

**GOAL #5: Support efforts to promote Florida's domestic and international financial institutions**

For years, the Office has supported state financial institutions through appropriate use of Florida's competitive equality statute and the issuance of Orders of General Application to allow state institutions to compete on an equal footing with their national/federal competitors.

The Office has historically supported the financial institution industry in Florida through its outreach programs. The Office's Division of Financial Institutions (DFI) makes presentations to a variety of organizations. With respect to the financial institution industry, DFI conducts periodic seminars for new financial institution directors. In addition, DFI staff has made presentations at the Florida Bankers Association's (FBA's) Bankers Education Expo, the Florida Credit Union League's (FCUL's) Annual Meeting, and Florida International Bankers Association (FIBA) conferences and seminars. During Fiscal Year 2008-09, Division staff made presentations at nine different functions related to the financial institution industry.

Division management attends board of director and other management meetings at state financial institutions to interact with institution management regarding regulatory concerns, corrective actions, and another other issues the institutions may have.

Finally, the Office has supported the efforts of Florida's banks to receive support and funding from the Troubled Asset Relief Program (TARP). To date, Florida's banks have received a total of \$307 million in TARP funding from the federal government.

# Performance Measures and Standards LRPP Exhibit II

## LRPP Exhibit II - Performance Measures and Standards

<b>Department: Department of Financial Services</b>	<b>Department No.: 43</b>
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<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Safety and Soundness of State Banking System</b>	Code: 43900530			
Approved Performance Measure for FY 2009-10	Approved Prior Year Standard FY 2008-09	Prior Year Actual FY 2008-09	Approved Standard for FY 2009-10	Requested Standard for FY 2010-11
<b>Primary Service Outcome</b> - Percentage of applications for new Florida financial institutions that seek state charters	67%	80%	67%	67%
Percentage of domestic and foreign banks and trust companies receiving an examination report within 45 days after the conclusion of their onsite state examination	90%	69%	90%	90%
Percentage of credit unions receiving an examination report within 30 days after the conclusion of their onsite state examination	90%	95%	90%	90%
Percentage of de novo applications statutorily complete that are processed within a standard number of 90 days	67%	33%	67%	67%
Percentage of surveys returned that rate the Division's examination program as satisfactory or above	75%	78%	75%	75%
Number of domestic financial institutions regulated	316	297	300	275
Number of international financial institutions regulated	53	41	35	32

## LRPP Exhibit II - Performance Measures and Standards

<b>Department: Department of Financial Services</b>		<b>Department No.: 43</b>		
<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Financial Investigations</b>	Code: 43900540			
<b>Approved Performance Measure for FY 2009-10</b>	<b>Approved Prior Year Standard FY 2008-09</b>	<b>Prior Year Actual FY 2008-09</b>	<b>Approved Standard for FY 2009-10</b>	<b>Requested Standard for FY 2010-11</b>
<i>Primary Service Outcome</i> - Percentage of investigative case referrals that result in enforcement action	80%	88%	80%	80%
Percentage of documented violations that were referred for action	95%	100%	95%	95%
Number of financial investigations closed	300	195	300	300

## LRPP Exhibit II - Performance Measures and Standards

<b>Department: Department of Financial Services</b>	<b>Department No.: 43</b>
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<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Executive Direction</b>	Code: 43900550			
<b>Approved Performance Measure for FY 2009-10</b>	<b>Approved Prior Year Standard FY 2008-09</b>	<b>Prior Year Actual FY 2008-09</b>	<b>Approved Standard for FY 2009-10</b>	<b>Requested Standard for FY 2010-11</b>
<i>Primary Service Outcome</i> - Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs	less than 3%	2.7%	less than 3%	less than 3%
Program administration costs (including Office of Legal Services) as a percentage of total program costs	less than 12%	11.0%	less than 12%	less than 12%
Program administration positions (including Office of Legal Services) as a percentage of total program positions.	less than 12%	11.3%	less than 12%	less than 12%
Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions	less than 3%	1.9%	less than 3%	less than 3%



**LRPP Exhibit II - Performance Measures and Standards**

Department: Department of Financial Services		Department No.: 43		
<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Finance Regulation</b>	Code: 43900560			
Approved Performance Measure for FY 2009-10	Approved Prior Year Standard FY 2008-09	Prior Year Actual FY 2008-09	Approved Standard for FY 2009-10	Requested Standard for FY 2010-11
<b>Finance Examinations</b>				
<b>Primary Service Outcome</b> - Percentage of examinations of licensees identified through other sources where agency action is taken	80%	71%	80%	80%
<del>Delete Measure</del> - <del>Percentage of consumer complaints received which are within OFR's jurisdiction which are closed or referred to an examination within 180 days</del>	90%	87%	90%	Delete
Percentage of consumer complaints resolved by staff and closed within 180 days	80%	87%	80%	80%
Percentage of consumer complaints which are outside OFR's jurisdiction which are referred to other agencies with 30 days	95%	97%	95%	95%
<del>Delete Measure</del> - <del>Percentage of consumer complaints which contain significant information which are referred to</del>	90%	75%	90%	Delete
<b>Money Service Businesses Regulation</b>				
<b>Primary Service Outcome</b> - Percentage of licensees examined for cause where agency action is taken	75%	51%	75%	75%
Percentage of licensees examined who are targeted for examination due to required five-year cycle during the fiscal year	100%	62%	100%	100%
Percentage of formal actions followed up to determine compliance within 6 months of final order	100%	2%	100%	100%
Percentage of examinations with suspected criminal violations referred to criminal investigative agencies	100%	100%	100%	100%
<b>New Measure</b> - <u>Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination</u>	<u>N/A</u>	<u>N/A</u>	<u>75%</u>	<u>75%</u>
<b>New Measure</b> - <u>Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination</u>	<u>N/A</u>	<u>N/A</u>	<u>90%</u>	<u>90%</u>
<b>Finance Licensing</b>				
<b>Primary Service Outcome</b> Percentage of license applications processed within Administrative Procedure Act requirements	100%	99.9%	100%	100%
Percentage of filing requests processed within a designated standard number of days (standard is based on type of filing)	90%	96%	90%	90%
Number of formal actions taken as a result of licensing substantive review process	125	198	125	125

## LRPP Exhibit II - Performance Measures and Standards

<b>Department: Department of Financial Services</b>	<b>Department No.: 43</b>
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<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Securities Regulation</b>	Code: 43900570			
<b>Approved Performance Measure for FY 2009-10</b>	<b>Approved Prior Year Standard FY 2008-09</b>	<b>Prior Year Actual FY 2008-09</b>	<b>Approved Standard for FY 2009-10</b>	<b>Requested Standard for FY 2010-11</b>
<b>Securities Examinations</b>				
<b>Primary Service Outcome</b> - Percentage of enforcement examination referrals that result in enforcement action	75%	100%	75%	76%
Percentage of risk-based examinations resulting in action	30%	36%	30%	31%
Number of risk-based and special examinations completed	165	234	165	166
Percentage of risk-based and special examinations closed or referred to the Office of Legal Services, or referred to enforcement examination within 180 days	75%	79%	75%	76%
Percentage of consumer complaints closed or referred to an enforcement examination within 90 days	90%	87%	90%	91%
Number of enforcement examinations completed	55	59	55	56
<b>Securities Licensing</b>				
<b>Primary Service Outcome</b> - Percentage of applicants not granted registration in the securities industry in Florida who subsequently are the subject of additional regulatory disclosure	45%	36%	45%	45%
Percentage of filing requests processed within a designated standard number of days (standard based on type of filing)	90%	99%	90%	90%
Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
Number of actions taken as a result of licensing substantive review process	75	57	75	76

Assessment of Performance for  
Approved Performance Measures and  
Standards - LRPP Exhibit III

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530-Safety and Soundness of the State Banking System

**Measure:** Percentage of domestic and foreign banks and trust companies receiving an examination report within 45 days after the conclusion of their onsite state examination

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	69%	-21%	-23.3%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input checked="" type="checkbox"/> Other (Identify)  |

**Explanation:** The Division does not have sufficient experienced staff to meet its regulatory responsibilities. The Division has requested a total of 46 positions during the last three budget years and received 10. The Division also requested additional salary appropriations during the most recent legislative session in order to compete with the industry and federal regulators who have been hiring the Division's experienced examiners at significant salary levels (generally 50-100% increases in salary). No additional salary appropriations have been approved. Consequently, the Division continues to lose experienced examination staff and must fill vacancies with inexperienced trainees that typically take 2-3 years to become fully capable examiners.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The current depressed economic conditions significantly have impacted Florida's financial institution industry. Since August 2008, five state financial institutions have been closed in Florida. In addition, one large credit union was placed into conservatorship and resolved through merger.

The number of problem institutions continues to rise. Thirty-five percent of state financial institutions and 48% percent of state regulated assets are under heightened supervision by the Division. The Division has been tracking problem asset trends in state institutions since December 2007 and the level of problem assets continues to increase dramatically. Problem institution exams have become increasingly more complex and require significantly more time to complete, analyze and process. The Division must take appropriate time to review exams to ensure that, if needed, an appropriate administrative action plan is placed in force. An increasing number of exam reports can not be completed in the approved standard time frame. These conditions are expected to continue for some time. Timely reporting of examination findings to financial institutions is essential to the regulatory process. Timely reporting of examination findings provides an examined institution the opportunity to promptly begin implementing its own corrective measures. It also allows the Office to intervene earlier, if needed, and impose informal or formal administrative actions to correct noted deficiencies. Examination turnaround has been impacted by factors both in the field and in headquarters. As more and more institutions are placed under administrative actions, headquarters staff is required to devote substantial man hours reviewing progress reports, in addition to the extensive man hours devoted to reviewing and evaluating more complex and time-consuming examination reports. Due to the need for more frequent exams, field examiners must quickly move from one exam to another and headquarters staff has to supplement the exam review time that can not be provided in the field. Examiner turnover during the last 1-2 years has resulted in a substantial percentage of examiners not being fully trained (almost 50%). Consequently, the examination process has become on-the-job training for many examiners and has required fully-trained staff to expend additional man hours, particularly in the exam review process, to insure that findings and conclusions within the exam report accurately reflect the condition of the examined financial institutions.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division will continue to seek necessary additional resources through the Legislative budget process.

*Office of Policy and Budget – July 2009*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530-Safety and Soundness of the State Banking System  
**Measure:** Percentage of de novo applications statutorily complete that are processed within a standard number of 90 days

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
67%	33%	-34%	-49.3%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The quality of de novo applications submitted to the Division has deteriorated since prior to the start of the current economic recession in 2008. The number of applications has decreased (only three received during Fiscal Year 2008-09). With the volume of applications so low, the measure can be adversely impacted by one or two applications being processed outside of the approved standard time frame.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** No changes necessary.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530-Safety and Soundness of the State Banking System

**Measure:** Percentage of credit unions receiving an examination report within 30 days after the conclusion of their onsite state examination

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	95%	+5%	+5.6%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input checked="" type="checkbox"/> Other (Identify)  |

**Explanation:** The Division does not have sufficient experienced staff to meet its regulatory responsibilities. The Division has requested a total of 62 positions during the last four budget years and received 18. The Division also requested additional salary appropriations during the most recent legislative session in order to compete with the industry and federal regulators who have been hiring our experienced examiners at significant salary levels (generally 50-100% increases in salary). No additional salary appropriations have been approved. Consequently, the Division continues to lose experienced examination staff and must fill vacancies with inexperienced trainees that typically take 2-3 years to become fully capable examiners.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The current depressed economic conditions significantly have impacted Florida's financial institution industry. Since August 2008, five state financial institutions have been closed in Florida.

In addition, one large credit union was placed into conservatorship and resolved through merger. The number of problem institutions continues to rise.

Thirty-five percent of state financial institutions and 48% of state regulated assets are under heightened supervision by the Division. The Division has been tracking problem asset trends in state institutions since December 2007 and the level of problem assets continues to increase dramatically. Problem institution exams have become increasingly more complex and require significantly more time to complete, analyze and process. The Division must take appropriate time to review exams to ensure that, if needed, an appropriate administrative action plan is placed in force. An increasing number of exam reports can not be completed in the approved standard time frame. These conditions are expected to continue for some time. Timely reporting of examination findings to financial institutions is essential to the regulatory process. Timely reporting of examination findings provides an examined institution the opportunity to promptly begin implementing its own corrective measures. It also allows the Office to intervene earlier, if needed, and impose informal or formal administrative actions to correct noted deficiencies. Examination turnaround has been impacted by factors both in the field and in headquarters. As more and more institutions are placed under administrative actions, headquarters staff is required to devote substantial man hours reviewing progress reports in addition to the extensive man hours devoted to reviewing and evaluating more complex and time-consuming examination reports. Due to the need for more frequent exams, field examiners must quickly move from one exam to another and headquarters staff has to supplement the exam review time that can not be provided in the field. Examiner turnover during the last 1-2 years has resulted in a substantial percentage of examiners not being fully trained (almost 50%). Consequently, the examination process has become on-the-job training for many examiners and has required fully-trained staff to expend additional man hours, particularly in the exam review process, to insure that findings and conclusions within the exam report accurately reflect the condition of the examined financial institutions.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division will continue to seek necessary additional resources through the Legislative budget process.

*Office of Policy and Budget – July 2009*



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530-Safety and Soundness of the State Banking System  
**Measure:** Number of international financial institutions regulated

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input checked="" type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure            |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
53	41	-12	-22.6%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Resources Unavailable  | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                                       | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                                       | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem                    |  |
| <input checked="" type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** Federal laws dealing with anti-terrorism and anti-money laundering have impacted the number of foreign banks that want to have a presence in Florida. Economic conditions in other countries have had a role in the reduction of the number of foreign bank offices in Florida. Also, a number of offices in Florida have been consolidated into offices in other states (typically New York) due to internal reorganization plans of foreign banks. These factors are beyond the control of the Office. The Office currently has one de novo international bank office application that has been approved but is not yet open.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The Office continues to reach out to the international banking community through the Florida International Bankers Association. The Office requests that the approved standard be changed to 32.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530-Safety and Soundness of the State Banking System  
**Measure:** Number of domestic financial institutions regulated

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input checked="" type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure            |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
316	297	-19	-6%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The number of new domestic bank applications has been declining over the last few years as the economy has moved closer towards recession. In Fiscal Year 2008-09, only three applications were filed with OFR. Prospects for additional new applications are remote until the economy improves. Current economic conditions are requiring institutions to merge with or acquire other institutions. Florida has lost five state banks that failed and were merged into healthier banks. Small credit unions have merged with larger institutions due to the economic conditions as well. This trend of mergers is likely to continue.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Division requests that the approved standard be changed to 275.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900540 Financial Investigations  
**Measure:** Number of Financial Investigations Closed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
300	195	-105	-35%

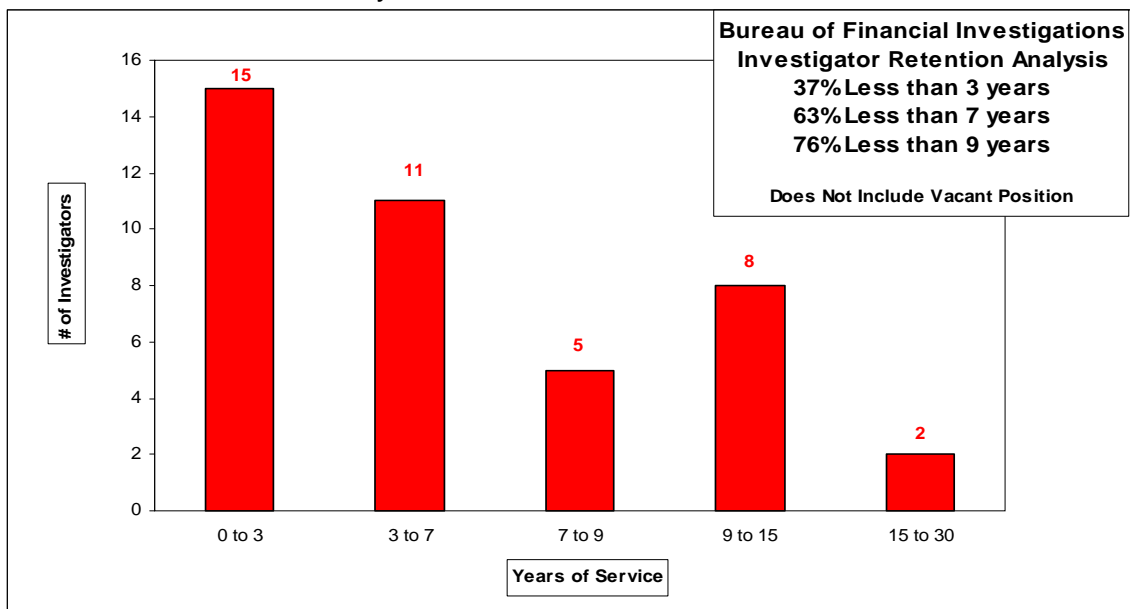
**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity    |
| <input checked="" type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)             |

**Explanation:** The previous standard estimate did not adequately account for the following factors which had significant negative impacts on productivity:

- 1) The increasing complexity of the financial investigations conducted.
- 2) The Bureau experienced a 36% investigator turnover over the last three years.
- 3) Inexperienced investigators - 37% of the current staff has been with the Bureau for less than three years.



Delays inherent in recruiting, hiring and training new investigators have a significant negative impact on productivity. However, it should be noted that while fewer investigations were closed during Fiscal Year 2008-09, more than \$156.4 million in court ordered and voluntary restitution was obtained for victims as a result of Investigations. Also noteworthy is the fact that criminal convictions resulted in a total of 161 years imprisonment and 269 years probation being imposed on defendants. Criminal investigations are more complex and require more man hours and resources to complete.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** Management has put forth great effort to hire well-qualified investigators to fill the vacancies as expeditiously as possible. Training new staff, as well as continuing training for existing staff is a priority for the Bureau.

- Continue efforts to recruit, hire and retain well qualified investigators.
- Continue New Investigator Training programs, in addition to on-the-job and on-line training to make new employees as productive as possible within the shortest span of time.
- Continue to provide an annual training program for all investigators to make sure they are abreast of the most current laws, rules, criminal activity, techniques, etc.

*Office of Policy and Budget – July 2009*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900560 Finance Regulation  
**Measure:** Percentage of examinations of licensees identified through other sources where agency action is taken

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input checked="" type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%	72%	- 8%	-10%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The percentage of agency actions based on the examinations fell below the standard because a review was done of the outstanding cases. Examinations where the company had gone out of business (see next section) or where witnesses could no longer be located were closed with no action. This was reflected by the results of the last quarter results of 61% as opposed to the first 3 quarters of the period were 79.4%.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input checked="" type="checkbox"/> Target Population Change                 | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** The current market conditions for lending have caused a large exodus of licensed businesses to close their doors. This trend is reflected by a 51% decrease in licensees from 15,288 (June 30, 2008) to 7,453 (June 30, 2009).

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Training materials on process and policies are being updated and will be presented to the examination staff this fiscal year. Management will continue to evaluate the examination process to see where improvements can be made.

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### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900560 Finance Regulation  
**Measure:** Percentage of consumer complaints received which are within OFR’s jurisdiction which are closed or referred to an examination within 180 days

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	87%	- 3%	3

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The standard was not met due to additional time was needed to file an administrative action against the subject of the complaint, additional information requested from the consumer was not received timely, and staff incorrectly entered errors in dates and/or disposition of the complaint.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The Division of Finance recommends this measure be deleted as being repetitive of existing measures. This measure overlaps the existing measures, “percentage of consumer complaints resolved by staff and closed within 180 days” and “percentage of consumer complaints which contain significant information which are referred to examinations within 90 days”.

The second measure regarding the complaint referrals for examinations has a timeframe of 90 days where this measure allows a referral to examination to be within 180 days.

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## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Percentage of consumer complaints which contain significant information which are referred to examinations within 90 days

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	75%	- 15%	- 16.7%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** The Office has implemented a new computer tracking system during the period being measured. At the time of the drafting of the measure, the Office believed that this information could be obtained and measured.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input checked="" type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster                  |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)                  |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** Only partial information can be reported for the period due to the limitations of tracking the data and ability to retrieve the data from the current tracking system.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** It is recommended this measure be deleted since the information cannot be retrieved and measured.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900560 – Finance Regulation – Money  
**Transmitter Regulation**  
**Measure:** Percentage of licensees examined for cause where agency action is taken

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	50.5%	-24.5%	-32.67%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input checked="" type="checkbox"/> Target Population Change                 | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |   |

**Explanation:** This measure was implemented prior to passage of Chapter 2008-117, Laws of Florida. Previously, examination targets were selected based on predetermined risk factors. Because the pool of targets was based on high-risk examinations, this resulted in a larger percentage of examinations resulting in agency actions. Chapter 2008-117, Laws of Florida, mandates the examination of all licensed Money Services Businesses (MSBs) at least once every five years. As a result of the new mandate, the population of examination targets includes a smaller percentage of licensees where problems are expected to be found.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** Revise measure to focus on those examinations conducted “for cause”. This measure would allow the Bureau to measure its effective use of risk based targeting to effectively utilize limited enforcement resources.

*Office of Policy and Budget – July 2009*

### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation – Money Transmitter Regulation

**Measure:** Percentage of MSB licensees who are targeted for examination due to required five-year cycle for all licensees during the fiscal year

**Action:**

- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Adjustment of GAA Performance Standards
- Revision of Measure
- Deletion of Measure

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	62%	-38%	-38%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

**Explanation:** Bureau of Money Transmitter Regulation (MTR) conducted an increased number of examinations in Fiscal Year 2008-09. While productivity gains using internal resources will continue to be pursued, MTR has also hired independent outside examination resources. The combination of internal productivity gains and bringing external examiners online over the next year to begin conducting routine cycle examinations should allow MTR to begin meeting this measure in late Fiscal Year 2009-10.

**External Factors** (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

**Explanation:** The Legislature provided three additional FTEs, including administrative support, as well as a \$500,000 to hire outside examination resources to supplement internal staffing.

These resources have now been fielded and the contractors have been hired, trained and fielded. In Fiscal Year 2009-10, these additional resources should make a material difference in the overall productivity of MTR.

**Management Efforts to Address Differences/Problems** (check all that apply):

Training

Technology

Personnel

Other (Identify)

**Recommendations:** MTR will continue to train both internal and external staff resources and has fully implemented the use of OFR's new Regulatory Enforcement and Licensing (REAL) System to automate Bureau processes. Additionally, MTR will fully utilize the outside contract examiners to meet its objectives.

*Office of Policy and Budget – July 2009*

### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation – Money Transmitter Regulation

**Measure:** Percentage of formal actions followed up to determine compliance within 6 months of final order

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	2.2%	-97.8%	-97.8%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Personnel Factors    | <input checked="" type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)          |

**Explanation:** This measure was implemented prior to passage of Chapter 2008-117, Laws of Florida, which requires all licensees to be examined at least once every five years. The new statutory mandate competes directly for resources with the requirements of this measure. Management decided to pursue statutory compliance first and then expand the follow up program as resources could be made available. Further the measure as previously written required a subsequent full-scope onsite examination, and internal staffing resources, at the time, were insufficient to meet both this requirement and the new statutory requirement to examine all firms at least once every five years. The unit received 3 additional FTE's in Fiscal Year 2008-09, but these resources were not fully functional during the fiscal year.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Resources Unavailable                    | <input checked="" type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster                  |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)                  |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** Chapter 2008-117 Laws of Florida added two new statutory requirements. The first to examine each company within six months of licensure

and the second to examine all licensed companies at least once every 5 years. The resources to accomplish these two tasks were not sufficient when taken together with the requirements of this measure. The statutory change allowed for the hiring of external contract examiners to supplement internal staff, and in December 2008, the Office contracted with an external third party examiner. In March 2009, external examiners began conducting examinations on behalf of the Office. In January, the Office went live with its new primary information system, the Regulatory Enforcement and Licensing (REAL) System. REAL will provide the Office the information system tools necessary to effectively project and monitor the follow up of previous disciplinary cases. As the Office is able to train and field additional external examiners to handle more of the routine case work required by Chapter 2008-177, Laws of Florida, it will continue to free up internal resources to meet this enforcement related goal.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Training             | <input checked="" type="checkbox"/> Technology |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:** Revise measure to allow flexibility in what is determined to be follow up necessary to determine compliance. The prior measure only counted a full-scope onsite examination as follow up. Not all violations of the regulations need to have an onsite visit in order to determine that corrective action has been instituted by the licensee. The new measure will provide flexibility to area managers to determine what level of follow up is required and will track its completion by field staff. The hiring of staff to fill the newly funded FTEs in addition to the external contractors should allow for follow up to be completed on all licensees who were the subject of a final order.

*Office of Policy and Budget – July 2009*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation – Regulatory Review

**Measure:** Percentage of license applications processed within the Administrative Procedures Act requirements

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	100%	0	0%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems (check all that apply):**

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** No recommendations. During the Fiscal Year 2008-09, Finance Regulatory Review processed all applications in compliance with the Administrative Procedures Act (APA), Section 120.60, Florida Statutes.

*Office of Policy and Budget – July 2009*



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation – Regulatory Review

**Measure:** Percentage of filing requests processed within a designated standard number of days (standard based on type of filing)

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	71%	27,475 / 38,545	19%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)          |

**Explanation:** During the 2<sup>nd</sup> quarter of FY 2008-09 the Office processed 9,936 filings outside the minimum standard number of days. Of the 9,936 filings 7,760 were location filings from one money services business as part of change of control application. The Office filed administrative action against this company for a compliance violation. Due to the lengthy legal processed that accompanies administrative actions, the approval of the company's license and related location filings were delayed beyond normal processing times. Excluding this one company and its location filings, the Office processed 92.4% of the filings during that quarter within the standard number of days which was within standard.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** This is an isolated instance that was outside of the Office's control. Under normal circumstances the Office has consistently met its standard for this measure. No adjustment necessary.

*Office of Policy and Budget – July 2009*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Percentage of consumer complaints closed or referred to an examination within 90 days

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	87%	-3%	-3.33%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** During Fiscal Year 2008-09 Securities Regulation received 485 consumer complaints. This is an 83% increase in comparison to 265 consumer complaints received during Fiscal Year 2007-08. In addition, the standard number of days to either close or refer a complaint was decreased from 180 days during Fiscal Year 2007-08 to 90 days for Fiscal Year 2008-09. This decrease in the standard number of days to process complaints was to ensure that consumer complaints were reviewed in a timely manner. The decrease in standard number of days to process along with the drastic increase in volume of complaints received, while utilizing the same amount of resources, resulted in Securities Regulation not meeting the performance measure standard of 90%.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The increased volume of complaints is due to the collapse of the stock market and the credit market crisis.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** Securities Regulation will continue its efforts to review consumer complaints in a timely manner.

*Office of Policy and Budget – July 2009*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation – Regulatory Review

**Measure:** Percentage of applicants not granted registration in the securities industry in Florida who subsequently are the subject of additional regulatory disclosure

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
45%	36%	-11%	-24.44%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

N/A

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The measure captures those applicants who were not registered in Florida, but were licensed in other states and subsequently became subject to additional disciplinary events while registered in the other states. The decrease in the performance results may be attributed to the following: the downturn in the investment market where fewer registrants are entering the industry; or changes in the registration policies of other states. In addition, the Central Registration Depository (CRD) system provides greater visibility for other states to review licensing decisions made by Florida.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The passage of House Bill 483 (Companion Senate Bill 1126) provided Securities Regulatory Review the ability to suspend or restrict registration if the registrant is arrested for certain crimes. Securities Regulatory Review was also granted the authority to establish waiting periods for persons who are either convicted or enter a plea of nolo contendere to certain felonies and misdemeanors. Applicants are now legally required to wait a minimum of 5 years for a misdemeanor and 15 years for a felony before applying for registration with the State of Florida. The enhanced licensing requirements will support management's efforts to increase its focus on reviewing applicants/registrants with disciplinary disclosures.

*Office of Policy and Budget – July 2009*

### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900570 Securities Regulation – Regulatory Review  
**Measure:** Number of actions taken as a result of licensing substantive review process

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75	57	-18	-24%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |   |

**Explanation:** This measure captures the number of formal actions (registration denial; stipulation and consent agreement; registration agreement) issued as a result of the substantive review of applications. Applicants may, at any time during the review process, request to withdraw their application but must do so prior to the agency’s final licensing decision. The drop in actions may be attributable to applicants withdrawing applications where they faced a negative licensing decision.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The Office of Financial Regulation pursued authority in the 2009 legislative session to enhance licensing standards, including heightened standards involving criminal arrests and regulatory actions. The passage of House Bill 483 (Companion Senate Bill 1126) provided Securities Regulatory Review the ability to suspend or restrict registration if the registrant is arrested for a crime. The enhanced licensing requirements will support management's efforts to increase its focus on reviewing applicants/registrants with disciplinary disclosures.

*Office of Policy and Budget – July 2009*



# Performance Measure Validity and Reliability - LRPP Exhibit IV

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530 Safety and Soundness of State Banking System

**Measure:** Percentage of applications for new Florida financial institutions that seek state charters

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Organizers of new financial institutions have the option of being chartered and regulated by the state or federal government. Many factors influence the decision to seek a state or national/federal charter, including the cost of regulation, accessibility of regulators, authorized powers, competitive opportunities, and economic conditions. The value of the state charter can be measured, to an extent, by the percentage of organizers that seek a state charter in lieu of a national charter.

OFR and the Office of the Comptroller of the Currency (OCC), the administrator of national banks, maintain databases of examination, licensing and regulatory information. The databases include information concerning each new bank application filed.

**Validity:** The dual banking system affords financial institutions the option of being chartered and regulated by the state or federal government. For state regulation to have value, it must demonstrate that such regulation is a viable alternative for individuals seeking to organize new financial institutions in Florida. The proportion of organizers seeking state charters rather than national charters is a valid indicator of the value of the state charter. Given unprecedented levels of market concentration and out-of-state control of deposit market share in Florida, new market entry is essential to maintain competitiveness and mitigate potential oligarchic behavior. The measure demonstrates the relative value of the dual banking system in Florida and supports OFR's mission to provide a high quality, cost efficient state regulatory system.

**Reliability:** OFR and the Office of the Comptroller of the Currency maintain databases of examination, licensing and regulatory information. The databases include information concerning each new bank application filed. The databases are updated on a continuous basis. Back-up documentation is maintained by

OFR to ensure the data is verifiable. Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be “audit-proof.”

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530 Safety and Soundness of the State  
**Banking System**

**Measure:** Percentage of de novo applications statutorily complete that are processed within 90 days

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Under Florida Administrative Procedures Act (APA) statutory time frames, OFR has a certain number of days within which to issue final agency action on domestic de novo applications received (180 days). De novo applications do not include international banks because of their unique chartering criteria. The time frame begins when an application is deemed by OFR to be complete with respect to statutory requirements and ends when a final decision is rendered on the application.

The data for this measure is maintained in OFR's Database of General Information (DOGI) and back-up documentation is maintained to validate the information. Only applications for which a decision was rendered during the relevant time frames will be used in the calculation. The measure will be calculated by determining all applications that were acted on (decision) during the relevant time period. The measure will be calculated as follows:

- a. Determine number of days required to process each application (Date of Notice of Intent - Date application deemed complete)
- b.  $\% = (\text{Number of applications processed within standard timeframes}) / (\text{Total number of applications processed})$

OFR has established a standard for domestic de novo application processing (90 days) that is less than the statutory minimum for this type of application.

**Validity:** The measure is a valid indicator of the amount of time required to process applications and to determine whether OFR has met its statutory requirements.

Timely processing of applications also reduces unnecessary regulatory burden on applicants. The measure is an appropriate indicator of how long it takes to

issue a final agency action for an application and supports OFR's mission to reduce regulatory burden on the industry.

**Reliability:** All dates and other information needed to calculate these measures are maintained in DOGI. OFR maintains back-up documents to validate entries in the database.

Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be "audit-proof."

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530 Safety and Soundness of the State  
**Banking System**

**Measure:** Percentage of surveys returned that rate the Division's examination program as satisfactory or above

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** State financial institutions are the sources of data. OFR has developed an examination questionnaire that is sent to all state financial institutions that have been examined. The questionnaire solicits comments on the safety and soundness examination process, examination team, and examination report. The survey also elicits a response to the exhaustiveness and efficiency of state examinations compared with those conducted by federal regulators.

This output will be calculated by averaging all responses to sections 1, 2, and 3 of the questionnaire. These sections relate to the examination process, team and report.

**Validity:** The survey results provide OFR with an objective evaluation of the quality of the product it provides (financial institution regulation) by the customers. This type of measure is broadly used throughout the business industry as a form of quality control.

The measure provides OFR with direct feedback from its customers, the state financial institutions, and is used to evaluate the product provided. Survey results provide OFR with a perspective from the "outside" which can be used to improve the processes.

**Reliability:** All survey information needed to calculate this measure is maintained in Excel spreadsheets. OFR maintains back-up documents to validate entries in the spreadsheets. Efforts have been made to assure data is promptly and correctly entered into an Excel spreadsheet and tabulated so that such data is deemed to be "audit-proof."

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530 Safety and Soundness of the State  
**Banking System**

**Measure:** Percentage of banks receiving an examination report within 45 days after the conclusion of their onsite state examination

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in the OFR's Database of General Information (DOGI).

First, OFR will identify all state safety and soundness examinations transmitted (mailed) to the financial institutions during the relevant time period (e.g.; with a mail dated during the relevant time period). Second, using the examinations mailed during the time frame, OFR will use the examination "end date" (i.e.; walk-out date) as the date of the conclusion of the on-site examination and the date the examination is mailed to the financial institution will serve as the date the institution received the report. The difference [mail date minus end date] is the processing or examination turn around time.

OFR has established standards, by type of institution. Examinations of domestic banks are more complex and require additional processing/analysis time. OFR has established 45 days as the standard for examinations of domestic banks.

**Validity:** This measure will address OFR's efficiency in timely communicating examination findings to financial institution management, allowing management to make prompt corrections to identified deficiencies.

This measure is an appropriate indicator of how quickly management is formally made aware of findings identified at a state examination. The sooner deficiencies are corrected, the less the chance of more serious problems that could result in insolvency which may ultimately inconvenience financial institution customers.

**Reliability:** All dates and other information required to calculate these measures are maintained in DOGI. OFR also maintains back up documentation to validate the information contained in the database.

Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be “audit-proof.”

*Office of Policy and Budget – July 2009*



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530 Safety and Soundness of the State Banking System

**Measure:** Percentage of credit unions receiving an examination report within 30 days after the conclusion of their onsite state examination

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in the OFR's Database of General Information (DOGI).

First, OFR will identify all state safety and soundness examinations transmitted (mailed) to the financial institutions during the relevant time period (e.g.; with a mail dated during the relevant time period). Second, using the examinations mailed during the time frame, OFR will use the examination "end date" (i.e.; walk-out date) as the date of the conclusion of the on-site examination and the date the examination is mailed to the financial institution will serve as the date the institution received the report. The difference [mail date minus end date] is the processing or examination turn around time.

OFR has established standards, by type of institution. Credit union examinations are usually the least complex and therefore require less time to process than other types of financial institutions. OFR believes 30 days is a reasonable turn around standard for credit unions.

**Validity:** This measure will address OFR's efficiency in timely communicating examination findings to financial institution management, allowing management to make prompt corrections to identified deficiencies.

This measure is an appropriate indicator of how quickly management is formally made aware of findings identified at a state examination. The sooner deficiencies are corrected, the less the chance of more serious problems that could result in insolvency which may ultimately inconvenience financial institution customers.

**Reliability:** All dates and other information required to calculate these measures are maintained in DOGI. OFR also maintains back up documentation to validate the information contained in the database.

Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be “audit-proof.”

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530 Safety and Soundness of the State Banking System

**Measure:** Number of domestic financial institutions regulated

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in the OFR's Database of General Information (DOGI).

OFR has a program that counts the number of domestic banks, credit unions and non-deposit trust companies.

**Validity:** This measure supports OFR's efforts to promote the growth of state-chartered domestic financial institutions in Florida.

**Reliability:** All information required to calculate this measure is maintained in DOGI. OFR also maintains back up documentation to validate the information contained in the database.

Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be "audit-proof."

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900530 Safety and Soundness of the State  
**Banking System**

**Measure:** Number of international financial institutions regulated

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in the OFR's Database of General Information (DOGI).

OFR has a program that counts the number of state licensed international banking offices.

**Validity:** This measure supports OFR's efforts to promote the growth of state-licensed international banking offices in Florida.

**Reliability:** All information required to calculate this measure is maintained in DOGI. OFR also maintains back up documentation to validate the information contained in the database.

Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be "audit-proof."

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900540 Financial Investigations

**Measure:** Percentage of investigative case referrals that result in enforcement action

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office's) Regulatory Enforcement and Licensing (REAL) System.

**Documented Violations** – When it has been determined that there is evidence of violations of Florida Statutes or Rules, this fact should be recorded in REAL and the supporting documentation should be made a permanent part of the investigative case file.

A **Referral** of an investigative case is made when violations of law and/or administrative rules have been documented by evidence and the Bureau seeks legal assistance in taking enforcement action. Internal referrals are made to Office legal staff. Criminal referrals are frequently made to state attorney's offices (SAOs), the Office of Statewide Prosecution (OSWP), and the United States Attorney's Office (USA). The results of investigations may also be referred to federal regulators or other state agencies such as the Office of the Attorney General (AG). Once an investigative case is accepted for enforcement, investigators provide full investigative support as needed. Below are the activity codes used to track case referrals:

REFA	Case Accepted by AG
REFL	Case Accepted by Legal
REFS	Case Accepted by SAO
REFU	Case Accepted by USA
REFW	Case Accepted by OSWP

When an **Enforcement Action** is taken, the investigator assigned will record the action in REAL. Below are the disposition codes used to track enforcement actions:

ADMA	Administrative Action Taken
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CVIL	Civil Action
CVAA	Civil and Administrative Action
CRIM	Criminal Action
CCA	Criminal and Civil Action
CCAA	Criminal, Civil and Administrative Action
CRAA	Criminal and Administrative Action

An investigation is Closed when the investigator assigned, and the reviewing authority, deem all matters complete. In cases where the Office is directly involved with the prosecution, the matter is not closed until final disposition of the administrative, civil or criminal case. REAL is updated and reviewed for completeness. With proper documentation made to the file, the matter is closed.

**Calculation of Outcome Measure:** The percentage of investigative case referrals that result in enforcement actions will be determined by dividing the total number of closed cases where enforcement action was taken by the number of closed investigative cases that were referred for enforcement action.

**Data Source:** The data source is the REAL Enforcement Investigative Module. Access to these modules is restricted primarily to the Bureau of Financial Investigations. Investigators are required to enter data into this database as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office. Historically, 86% of all investigative cases are against unlicensed/unregistered entities. All documented violations do not warrant referral for enforcement actions, for example the violation may be minor, and an investigation may confirm that the activity has halted, or an unlicensed entity has come into compliance. This Outcome will measure the Office's ability to identify and document fraudulent activity under its jurisdiction, as well as confirm that actions are being taken against those violators.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, regional and Bureau management review REAL records on a monthly basis. Additionally, managers conduct a complete review of active and recently closed investigations on a semi-annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

Ultimately, the decision to file administrative, civil or criminal action is outside the control of the Bureau and is impacted by the priorities and resources of the prosecutor. Many enforcement actions resulting from investigations conducted by the Bureau are complex and resource intensive. When referring

investigations for potential prosecution, the Bureau commits to provide additional investigative resources or litigation support as needed.

*Office of Policy and Budget – July, 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900540 Financial Investigations

**Measure:** Percentage of documented violations that were referred for action

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office's) Regulatory Enforcement and Licensing (REAL) System.

**Documented Violations** – When it has been determined that there is evidence of violations of Florida Statutes or Rules this fact should be recorded in REAL and the supporting documentation should be made a permanent part of the investigative case file.

**Referrals** - Documented violations can be referred for legal assistance in taking enforcement action or to another agency that may have jurisdiction. Internal referrals are made to Office legal staff. Criminal referrals are frequently made to state attorney's offices (SAOs), the Office of Statewide Prosecution (OSWP), and the United States Attorney's Office (USA). The results of investigations may also be referred to federal regulators or other state agencies such as the Office of the Attorney General (AG). Once an investigative case is accepted for enforcement, investigators provide full investigative support as needed. Below are the activity codes in REAL used to track referrals of documented violations:

REFA	Case Accepted by AG
REFL	Case Accepted by Legal
REFS	Case Accepted by SAO
REFU	Case Accepted by USA
REFW	Case Accepted by OSWP
REFO	Referred to Other Agency

**Calculation of Outcome Measure:** The percentage of documented violations that were referred for action will be determined by dividing the total number of cases referred for action by the number of cases where violations were documented during the review period.



**Data Source:** The data source is the REAL System Enforcement Investigative Module. Access to these modules is restricted primarily to the Bureau of Financial Investigations. Investigators are required to enter data into this database as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office. Historically, 86% of all investigative cases are against unlicensed/unregistered entities. All documented violations do not warrant referral for enforcement actions, for example the violation may be minor, and an investigation may confirm that the activity has halted, or an unlicensed entity has come into compliance.

This Outcome will measure the Office's ability to identify and document fraudulent activity, as well as confirm that actions are being taken against those violators.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, regional and Bureau management review REAL records on a monthly basis. Additionally, managers conduct a complete review of active and recently closed investigations on a semi-annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

*Office of Policy and Budget – July, 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900540 Financial Investigations

**Measure:** Number of Financial Investigations Closed

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office's) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence undertaken to identify noncompliance or prove/disprove allegations and violations of the law and regulations within the jurisdiction of the Office of Financial Regulation.

The following codes are used to identify investigative cases:

LBE	Licensed Banking Entity
LICF	Licensed Finance
RSEC	Registered Securities
UFIN	Unlicensed Finance
ULBE	Unlicensed Bank Entity
URSC	Unregistered Securities

Note: Preliminary Investigations or Assist to Other Agency or Other OFR Division are not reported in the LRPP.

Investigation Start Date – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is assigned to an investigator and, if appropriate, the database record is upgraded from a Preliminary Investigation/Inquiry.

An Investigation is Closed when the investigator assigned, and the reviewing authority, deem all matters complete. In cases where the Office is directly involved with the prosecution, the matter is not closed until final disposition of the administrative, civil or criminal case. The database record is updated and

reviewed for completeness. With proper documentation made to the file, the matter is closed.

Calculation of Output Measure: The number of cases closed will be determined by counting the number of investigations whose status changed to closed during the review period.

**Data Source:** The data source is the REAL System Enforcement Investigative Module. Access to these modules is restricted primarily to the Bureau of Financial Investigations. Investigators are required to enter data into this database as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office of Financial Regulation. The results of these investigations will be used to determine the Bureau of Financial Investigations' Performance Outcomes.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, regional and Bureau management review REAL records on a monthly basis. Additionally, managers conduct a complete review of active and recently closed investigations on a semi-annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

*Office of Policy and Budget – July, 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration costs (including Office of Legal Services) as a percentage of total program costs

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total expenditures for Executive Direction are divided by the expenditures for OFR as a whole.

**Validity:** The measure assesses the percentage of the OFR budget that is expended for program administration to demonstrate effective use of the state dollars used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of cost of administrative programs.

**Reliability:** FLAIR is the statewide accounting system used by all agencies to capture information on receipts and expenditures.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration positions (including Office of Legal Services) as a percent of total program positions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total number of Full Time Equivalent (FTEs) for Executive Direction is divided by the number of FTEs for OFR as a whole.

**Validity:** The measure assesses the percentage of the OFR staffing that is dedicated to program administration to demonstrate effective use of the state resources used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of size of administrative programs.

**Reliability:**

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## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission/Office of Financial Regulation  
**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration costs (excluding Office of Legal Services) as a percentage of total program costs

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. Based on organization codes contained in FLAIR, the expenditures for the Office of Legal Services are subtracted from the expenditures for Executive Direction. The result is then divided by the expenditures for OFR as a whole.

**Validity:** The measure assesses the percentage of the OFR budget that is expended for program administration to demonstrate effective use of the state dollars used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of cost of administrative programs. Because the vast majority of the work done by the Office of Legal Services is directly related to the regulatory activities of the Office, rather than to administrative functions of the Office, this measure more accurately reflects the program administrative costs.

**Reliability:** FLAIR is the statewide accounting system used by all agencies to capture receipts and expenditures. Expenditures in FLAIR are captured at the Budget Entity

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration positions (excluding Office of Legal Services) as a percent of total program positions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total number of Full Time Equivalents (FTEs) for the Office of Legal Services is subtracted from the FTEs for Executive Direction. The result is then divided by the number of FTEs for OFR as a whole.

**Validity:** The measure assesses the percentage of the OFR staffing that is dedicated to program administration to demonstrate effective use of the state resources used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of size of administrative programs. Because the vast majority of the work done by the Office of Legal Services is directly related to the regulatory activities of the Office, rather than to administrative functions of the Office, this measure more accurately reflects the program administrative positions and associated costs.

**Reliability:**

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation

**Measure:** Percentage of examinations of licensees identified through other sources where agency action is taken

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The measure will report the percentage of examinations initiated due to information received from other sources such as complaints received from other state and federal regulators, indications of unlicensed activity, or closed or referred for enforcement action. Completed examinations are those examinations with a disposition of closed or a status of referred in the Regulatory Enforcement and Licensing (REAL) System. Completed examinations will also have a disposition date that is within the current fiscal year.

Examinations from other sources will generally be commenced if a risk has been identified that suggests violations of statutes or rules or there might be future loss of customer funds; and the potential for customer harm is not significant. An examination from other sources generally involves a process whereby examiners conduct an interview of employees, complete the appropriate examination module(s) or report, and independently review company records.

The final output will be calculated in the following manner:

A. All **examinations from other sources closed** during the fiscal year will be identified and counted as follows:

All **examinations from other sources closed** will be the sum of:

- i. All examinations that are NOT high risk with an **Activity Start Date** of July 1, 2008 or later, and a **Status** of “Closed” and a **Status Date** within the fiscal year; and
- ii. All examinations that are NOT high risk with an **Activity Started Date** of July 1, 2008 or later, and a **Status** of “Open” and a **Disposition** of:

- Administrative Complaint
- Criminal Conviction
- Criminal Referral
- Referred to FBI
- Final Order
- Guidance Letter
- Notice of Non-Compliance
- Referred to Legal



- License Terminated

iii. The **Disposition Date** is within the current fiscal year.

B. Once the universe of **examinations from other sources closed** is identified and counted, those **examinations from other sources closed with a referral that resulted in enforcement action** will be identified and counted in the following manner:

**Examinations from other sources closed a referral to Legal that resulted in enforcement action** are identified and counted as follows:

All examinations identified in Item A with a **Disposition** of:

- Administrative Complaint
- Criminal Conviction
- Criminal Referral
- Referred to FBI
- Final Order
- Guidance Letter
- Notice of Non-Compliance
- Referred to Legal
- License Terminated

C. The measure will be calculated by taking Item B (**examinations from other sources closed with a referral to Legal that resulted in enforcement action**) and dividing it by Item A (all **examinations from other sources closed** during the fiscal year).

**Validity:** The goal of the examination will be to: gather information on the identified risk; mitigate the risk through facilitating changes in the way the licensee operates; and, if appropriate, take administrative action. Due to the increased number of licensees and the relatively unchanged level of staffing, Finance Regulation has employed an analytical approach in targeting examinations. All examinations will be conducted on a risk-based approach using information obtained from the REAL System, complaints, and public sources such as advertisements. Examinations from other sources will typically NOT involve criminal activity but sales or lending practice abuses, and will be broad in scope. Consumer protection is enhanced by educating the licensee and stopping potential harmful behavior by the licensee before it happens.

**Reliability:** Information will be retrieved from the Office's REAL System or ATS via query with data converted to Excel. The agency will utilize Excel pivot tables to capture and group the data each month and each quarter. These tables will be updated to reflect any entries made to prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL System or ATS with the understanding that anything not captured as of the agency designated cut-off point will not be reported.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation

**Measure:** Percentage of consumer complaints received which are resolved by staff and closed within 180 days

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance.

**Data Sources and Methodology:** The measure will report the total number of consumer complaints worked that were closed, but not referred to an examination or investigation before they were closed during the fiscal year. However, they may be currently open but referred to an examination during the fiscal year, within 180 days of the Received Date on the Regulatory Enforcement and Licensing (REAL) System or Form Received Date. Closed or referred complaints are those complaints with a status of closed or referred in REAL.

**A complaint generally involves a process whereby examiners receive a written document from a consumer containing allegations of wrongdoing by individuals or business entities. The examiner will conduct a review of the allegations and analyze the documents and activity that occurred involving the consumer's funds. The examiner will typically interview the consumer and other individuals that are the subject of the complaint.**

The final output will be calculated in the following manner:

- A. All **consumer complaints closed** during the fiscal year will be identified and counted as consumer complaints with a **status** of "Closed" and are NOT related to an Examination or Investigation.
- B. Once the universe of **consumer complaints closed** during the fiscal year have been identified and counted, those **consumer complaints closed within 180 days** will be identified and counted as follows:
  - i. **Consumer complaints closed within 180 days** are **consumer complaints closed**, as set forth in item A, in which the time elapsed between the **Disposition Date** and the **Received or Form Received Date** is 180 days or less.
  - ii. **Consumer complaints closed within 180 days** with a **status** of "Open" and a **Disposition** of "Referred to Exams" or "Referred to Legal" or "Referred to Other Agency" or "Referred to Investigations" or have been "Related" to an Examination or Investigation will NOT be included.
  - iii. In addition, the **Disposition Date** must be within the current fiscal year.
- C. The measure will be calculated by taking Item B (**consumer complaints closed within 180 days**) and dividing it by Item A (**all consumer complaints closed** during the fiscal year).

**Validity:** Examiners are expected to complete their review of consumer complaints within 180 days of the licensed individuals or business entities. This approach will ensure the review of consumer complaints proceeds in a timely manner, thereby furthering the confidence of the public.

**Reliability:** Information will be retrieved from the REAL System via query with data converted to Excel. The agency will utilize Excel pivot tables to capture and group the data each month and each quarter. These tables will be updated to reflect any entries made to prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL with the understanding that anything not captured as of the agency designated cutoff point will not be reported.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation

**Measure:** Percentage of consumer complaints received which are outside OFR's jurisdiction which are closed or referred to other agencies within 30 days

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance.

**Data Sources and Methodology:** The measure will report the total number of consumer complaints worked during the fiscal year that were referred to another agency within 30 days of the Received Date on the REAL System or Form Received Date). Referred complaints are those complaints with a status of referred in REAL.

**A complaint generally involves a process whereby examiners receive a written document from a consumer containing allegations of wrongdoing by individuals or business entities. The examiner will conduct a review of the allegations and analyze the documents and activity that occurred involving the consumer's funds. After the review and determination that the complaint is not within the jurisdiction of the Office, the examiner will refer the complaint to the appropriate state or federal agency.**

The final output will be calculated in the following manner:

- A. All **consumer complaints closed** during the fiscal year will be identified and counted as with a **status** of "Closed" and "Referred to Other Agency".
- B. Once the universe of **consumer complaints closed** during the fiscal year have been identified and counted, those **consumer complaints referred to other agency** within 30 days will be identified and counted as follows:  
**Consumer complaints referred to other agency** within 30 days are **consumer complaints referred**, as set forth in item A, in which the time elapsed between the **Disposition Date** and the **Received or Form Received Date** is 30 days or less. In addition, the **Disposition Date** must be within the current fiscal year.
- C. The measure will be calculated by taking Item B (**consumer complaints referred to other agency within 30 days**) and dividing it by Item A (**all consumer complaints closed** during the fiscal year).

**Validity:** Examiners are expected to complete their review of consumer complaints within 30 days and refer it to the appropriate state or federal agency of the individual or business entity. This approach will ensure the review of consumer complaints proceeds in a timely manner, thereby furthering the confidence of the borrowing public.

**Reliability:** Information will be retrieved from the REAL System via query with data converted to Excel. The agency will utilize Excel pivot tables to capture and group the data each month and each quarter. These tables will be updated to reflect any entries made to prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL with the understanding that anything not captured as of the agency designated cutoff point will not be reported.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Money Services  
**Business Regulation**

**Measure:** Percentage of licensees examined for cause where agency action is taken

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure will reflect the percentage of examinations initiated for cause where a formal action is taken by the agency. This measure will be calculated based on the number examinations completed and closed during the fiscal year. For purposes of this measure the term “closed” means that all actions including legal proceedings have been completed. The number of for cause examinations closed where action has been taken will be divided by the total number of closed for cause examinations over the same time period. Examinations will be counted each quarter where the disposition is Closed – Final Order and it is marked as “for cause.”

**Validity:** This measure will provide an indication of the effectiveness of the enforcement program’s ability to employ its risk based targeting tools to effectively target firms where there is a likelihood of violation of the statutes and rules. The statutory requirement to examine all licensed companies every five years has challenged the existing resources of the Bureau of Money Transmitter Regulation (Bureau). Given the challenges to its resources the Bureau must utilized the limited resources available to accomplish enforcement cases by effectively targeting resources where the likelihood of administrative actions are increased.

**Reliability:** Data will be captured and reported quarterly from the REAL System. At the initiation of an examination, each case is coded as either “routine” or “for cause.” For purposes of this measure, a for cause examination can be initiated where the Office knows or has a reasonable belief that Chapter 560, Florida Statutes, is being, or is about to be violated by a licensee. The examiner must document the reason for the examination being initiated as a for cause examination. The reason will be documented in the REAL System under Work Notes tab of each case file. At the time cases are closed, the disposition is updated on each case to reflect the action, if any, by the Office.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Money Services  
**Business Regulation**

**Measure:** Percentage of licensees examined who are targeted for examination due to the required five year cycle during the fiscal year

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure is directly related to achieving the new statutory mandate to examine all licensees at least once every five years. The denominator for this measure will be established at the beginning of each fiscal year as the total number of licensed entities under Chapter 560, Florida Statutes. It will be compared as a percentage to the total number of companies examined. For purposes of this measure the term “examined” shall mean that the Office has initiated its onsite review of the licensee. The inclusion of any examination will be determined based on its documentation in the REAL System. Each examination record in the system will be measured by the start date of the “Field Work” activity. The start date will be the date the examiner commences the onsite portion of the examination. This should generally match the date contained on the entrance letter unless the file is documented in a work note moving the starting date for the examination.

**Validity:** This measure will directly reflect the program’s ability to meet its new statutory obligation. The Office will be able to assess productivity and program resource needs each year and responds accordingly to changes in industry trends and conditions. This measure will need to be read with the changes to the number of licensees to assess program productivity. The industry regulated by Chapter 560, Florida Statutes, has had historically high turnover with upwards of 10-15% of the licensees not renewing the licenses on an annual basis. Given the high turnover, however, the overall number of licensees has continued to increase based on even higher number of license applications. This measure will allow the Office to measure progress toward meeting the statutory requirements.

**Reliability:** Data will be captured and reported quarterly using the REAL System. Each examiner is responsible for documenting the date that field work commenced by entering an activity “Field Work”. Each quarter a report of the activity “Field Work” will be pulled and totaled based on the start date for the “Field Work”.

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## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Money Services  
**Business Regulation**

**Measure:** Percentage of formal actions followed up to determine substantial compliance within 6 months of final order

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure will be related to all final orders issued as a direct result of examinations of the licensed entities. All final orders will be set for follow up within six months of the final order effective date. Each examination case file will have a documented activity (Examination Follow Up). The follow up will be set up at the time a case is closed with a disposition “Closed – Final Order.” The follow up date field will be set for 180 days from the effective date of the final order. The Area Financial Manager will set the expectation for follow up in the activity note field and assign the follow up to the examiner. The examiner will complete the follow up, document the work in the activity result field, and close the activity. The activity close date must be on or before the follow up date (due date).

**Validity:** This measure will be used to measure the effectiveness of the previous actions in achieving the required compliance with the statutes and rules. It will accelerate information concerning persistent non-compliance through the proper regulatory channels within the Office. This will allow the Office to more rapidly determine which entities are persistently non-compliant and deal with such entities in a timely manner. The measure will also show where adjustments to resource allocation may be warranted to make sure that long term compliance by the regulated entity is being adequately maintained.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on a year-to-date total of actions taken as retrieved from the REAL System.

*Office of Policy and Budget – July 2009*



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Money Services  
**Business Regulation**

**Measure:** Percentage of enforcement cases with documented criminal violations referred to criminal investigative agencies

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** All cases where a statutory violation can be established and such violation may be a criminal violation, will be referred to a criminal investigative agency for their consideration. Information will be maintained in the REAL System. Each examination record will clearly indicate referrals made to outside agencies and will be reported individually. A single examination may have multiple referrals to outside agencies. The Office will track each referral made to the individual agency and will maintain records related to the referral and ultimate disposition of each case referred. An activity specific to the agency where the case was referred will be entered into the REAL System. The start date will be the date the referral was sent out and the close date will be entered at the time the follow up on the referral has been completed.

**Validity:** This measure will demonstrate the program's effectiveness in terms of the identification, documentation, referral, and tracking of activity by licensed entities which may be a violation of criminal laws. It will allow the Office to document compliance with the statutory requirement regarding referrals and to assist in determining necessary procedural changes.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on a year-to-date total of actions taken as retrieved from the REAL System.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation – Money Services  
**Business Regulation**

**Measure:** Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Each examination of a Part III licensee (i.e., check casher or foreign currency exchanger) will be completed in a timely manner. This measure will determine the number of days between the last day of field work on the examination and the date the final examination report is issued. The dates used will be the closed date of the “Field Work” activity and the closed date of the “Report Submitted/Issued” activity. This measure will only include examinations that are coded as “routine.” Examinations conducted “for cause” which may result in protracted legal or criminal proceedings will not be included in this measure. For purposes of this measure the determination of whether an examination is “routine” or “for cause” may be made until field work is commenced.

**Validity:** This measure will determine the efficiency of the examination process in completing all work assigned in a timely manner. Providing the licensees with timely feedback will contribute to the long term compliance rates of the industry as a whole. The sooner the licensee receives the examination findings the sooner the licensee can implement the necessary policy and procedural changes to put the entity back into compliance.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on a year-to-date total of actions taken as retrieved from the REAL System (i.e., money transmitter or payment instrument seller) will be completed in a timely manner. This measure will determine the number of days between the last day of field work on the examination and the date the final examination report is issued. The date will be the closed date of the “Field Work” activity and the closed date of the “Report Submitted/Issued” activity. This measure will only include examinations that are coded as “routine.” Examinations conducted “for cause” which may result in protracted legal or criminal proceedings will not be included in this measure. For purposes of this measure the determination of whether an examination is “routine” or “for cause” may be made until field work is commenced.

**Validity:** This measure will determine the efficiency of the examination process in completing all work assigned in a timely manner. Providing the licensees with timely feedback will contribute to the long term compliance rates of the industry as a whole. The sooner the licensee receives the examination findings the sooner the licensee can implement the necessary policy and procedural changes to put the entity back into compliance.

**Reliability:** Data will be captured and reported on a quarterly basis. The year-end number will be computed based on a year-to-date total of actions taken as retrieved from the REAL System.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Regulatory Review

**Measure:** Percentage of license applications processed within Administrative Procedures Act requirements

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA), Section 120.60, Florida Statutes. The APA requires state agencies that process applications for licensure to advise applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency letter, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny an application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the year by the total number of applications processed during the year.

**Types of applications included in this measure:** all business types, branches, and mortgage brokers.

Applications will be retrieved from the Regulatory Enforcement and Licensing (REAL) System.

**Validity:** This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the industries regulated and consumers by providing a timely service to these entities and individuals.

**Reliability:** Data will be captured and reported quarterly. The division tracks applications in the REAL System.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Regulatory Review

**Measure:** Percentage of filing requests processed within a designated standard number of days (standard based on type of filing)

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Office has determined, as designated in the chart below, the standard number of days to process filings/requests processed by the Office. The Office shall compute the percentage of filings/requests processed within the designated standard number of days to process for each type of filing or request. The percentage will be computed by dividing the number of filings/requests processed within the designated standard days by the total number of filings/requests processed within the period. The overall percentage will be calculated based on the total of all filings/requests processed within the standard number of days divided by the total of all filings/requests processed.

**Filings include:** Applications for all business types, branches/vendors and mortgage brokers; renewals for all business types, branches and mortgage brokers (excludes branches/vendors for money transmitters); public records requests, and compliance notices (i.e. name & address changes, principal changes, terminations).

**Public Records Requests include:** Certificates of registration or non-registration, copies of files, and other public information requested from the Office.

Processing times are calculated as follows:

- For applications and compliance notices, the days to process will be calculated from the received date to final status date.
- For renewals, the days to process will be calculated from the validation date of the renewal fee to date license printed.
- For public records requests, the days to process will be calculated from the received date of the request to the date the Office responds to the request.

**Sources of data will be maintained in the REAL System.**

Hypothetical Example of computation:

Filing/Request Type	Std. days to process	# proc. in std. days	total # processed	% processed
Applications - Businesses	100	725	750	97%
Applications - Branches	80	247	275	90%
Applications – Mortgage Brokers	150	570	600	95%
Compliance Notices	75	106	125	85%
Renewals	30	1283	1350	95%
Public records requests	30	300	500	60%
<b>% PROCESSED WITHIN STANDARD</b>				90%

**Validity:** This measure will address efficiency in handling of filings/requests in an effort to improve processing time assuming conditions remain stable. Chapter 120, Florida Statutes, prescribes certain timeframes that must be adhered to when processing applications for licensure/registration; however, no statutory or rule requirements exist to dictate time frames for filings/requests not related to an application. It is the goal of the program to improve processing to better serve the financial services industry and the public. This measure helps to ensure the timely processing of filings/requests. This furthers the agency’s mission to support the industries we regulate and consumers by providing a timely service to these entities.

**Reliability:** The computations for filings/requests begin with the receipt date, which is manually stamped on original documents upon receipt. All paper filings with associated fees are date stamped by the Department of Financial Services’ Cashier’s Office. All paper filings not associated with fees are date stamped by Office personnel. All electronic filings are recorded as received upon submission to the Office. Data for filings is captured in the REAL System, and then exported to customized reports or excel spreadsheets where it is manipulated into the format needed for this computation.

**Established standards are as follows:**

TYPE	STANDARD
Applications - Businesses	100 days from receipt to final action date
Applications - Branches	80 days from receipt to final action date
Applications – Mortgage Brokers	150 days from receipt to final action date
Renewals	30 days for ministerial (basic) renewals
Compliance Notices	75 days from receipt to completed date
Public Records Requests	30 days to process from receipt to mail out

\*standard days to process established Fiscal Year 2006-07

Office of Policy and Budget – July 2009

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation – Regulatory Review

**Measure:** Number of formal actions taken as a result of licensing's substantive review

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the number of formal actions issued regarding applications that, based on a substantive review, were either denied or granted licensure pursuant to a stipulation and consent agreement.

Formal actions represent issuance of a final order.

**Types of applications included in this measure:** all business types, branch offices, and mortgage brokers.

Actions taken will be retrieved from the Regulatory Enforcement and Licensing (REAL). System

**Validity:** This measure provides an indication of the effectiveness of the licensing program by highlighting those entities and individuals that have disciplinary events that are grounds for action under the statutes. The licensing standards in effect have had a significant impact on the legitimacy of the financial services industry and the protection of consumers of the State. Historically, the number of formal actions against applicants has remained very low. However, effective December 2, 2008, permanent rules were adopted which established higher standards which significantly impact new licensure under Chapter 494, Florida Statutes. These rules and more stringent requirements will continue to have a long-term impact on this measure and will result in an increase in application denials.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on a year-to-date total of formal actions taken as retrieved from the REAL System.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission/Office of Financial Regulation  
**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Number of enforcement examinations completed during the fiscal year

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The measure will report the total number of enforcement examinations completed during the current fiscal year. Examinations are tracked in the Regulatory Enforcement and Licensing (REAL) System and will be categorized as risk-based, special or enforcement. Enforcement examinations will typically be commenced when: (1) there appears to be significant violations of statutes or rules or it appears illegal activity (which is termed an “issue”) leading to the potential loss of customer funds or other investor harm is occurring or has occurred; (2) the scope and/or complexity of the examination are wide and significant enough makes it time consuming and resource intensive; and/or (3) there is a reasonable basis to believe that customers have been harmed or there is a significant potential that customers will be harmed. An enforcement examination generally involves a process whereby examiners conduct interviews of firm employees and consumers and independently review and analyze the books and records of the licensed entity or other third parties. These examinations are typically broad and/or complex and may take a year or more to complete.

The following **status** and **dispositions** will be used to compute the final output:  
All **enforcement examinations completed** during the fiscal year will be identified and counted as follows:  
The sum of:  
i. All enforcement examinations with a **Status** of “Closed” and a **Status Date** within the current fiscal year; and  
ii. All enforcement examinations with all **Dispositions** except “Open” and a **Disposition Date** within the current fiscal year.

**Validity:** This measure will address the effectiveness of the Division’s exam process and contribute to the agency’s mission of consumer protection. Information will be retrieved from the agency’s REAL System.



**Reliability:** Information will be retrieved from the agency's REAL System using the SQL Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL with the understanding that anything not captured as of the agency designated cut-off point will not be reported. REAL is the sole source for the capturing, computing and reporting of the examinations and complaints performance measures.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Percentage of applicants not granted registration in the securities industry in Florida who subsequently are the subject of additional regulatory disclosure

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** To compute this measure agents are identified who previously applied for registration through the Central Registration Depository (CRD) who were denied or withdrew from this state and cross-reference them to the national CRD database to identify additional disclosure events appearing on their record. Disclosure events reported within a three-year span subsequent to the date of withdrawal/denial in Florida will be considered. This includes any disclosure information reported by the state of Florida, other jurisdictions (state, federal, etc.), or individual. The percentage will be computed by dividing the number of applicants denied or withdrawn (three years ago) who have since had additional disclosure events reported on the CRD by the total number of applicants who were denied/withdrawn (three years ago). This measure will demonstrate OFR's licensing effectiveness by identifying the percentage of applicants not registered who are subsequently the subjects of regulatory disclosure in Florida or elsewhere which could have potentially caused detriment to Florida's investing public.

An application is **denied** when it fails to meet the Office's standards for registration and/or when the applicant fails to complete an application as required. A **withdrawal** occurs when the applicant voluntarily retracts the application; typically after notification by the Office's that the application is insufficient.

**Validity:** This measure focuses on the licensing effectiveness of evaluation criteria utilized by the Office by tracking what subsequently happened with applicants who did not meet OFR's criteria for registration in this state.

**Reliability:** Disclosure information on firms/individuals registered throughout the U.S. is centralized on the national CRD database. Submissions are made by the Securities and Exchange Commission, states, self-regulatory organizations, securities firms and associated persons for input into this system as actions

occur and are subsequently available for on-line access and review by all state regulators. Applications that are received through CRD and require additional review of reported disclosures are entered into Regulatory Enforcement and Licensing (REAL) System. These applicants will be cross referenced to the CRD quarterly for any additional reported disclosures. REAL and CRD are the access points for computation and reporting of the performance measures. The Division will continue to use CRD in its current capacity.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Percentage of license applications processed within Administrative Procedures Act requirements

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the percentage of applications for registration processed within the timeframes required by the Administrative Procedures Act (APA), Section 120.60, Florida Statutes. The APA requires state agencies to notify applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency notification, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny an application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the fiscal year by the total number of applications processed during the fiscal year.

**Types of applications included in this measure:** firms, branches, and associated persons.

This measure will encompass applications received through the CRD that required additional review due to the disclosures and applications required to be filed directly with the Office. Data identifying applications deficiencies and renewal timeframes and dates will be retrieved from the Regulatory Enforcement and Licensing (REAL) System. REAL maintains application data of registrants that were processed through the Central Registration Depository (CRD) that required additional review. Applications are entered into REAL and manually reviewed by staff prior to approval or denial within the APA requirements of standard number of days to process.

**Validity:** This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the

regulated industries and customers by providing a timely service to these entities and individuals.

**Reliability:** Data will be captured and reported quarterly. The division tracks applications in REAL and CRD.

*Office of Policy and Budget – July 2009*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Percentage of filing requests processed within a designated standard number of days (standard based on type of filing)

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The Division has determined, as designated in the chart below, the standard number of days to process filings/requests received by the Office. The percentage will be computed by dividing the number of filings/requests processed within the designated standard days by the total number of all types of filings/requests processed for each type of filing or request. The measure will be reported as an overall percentage calculated based on the total of all filings/requests processed within the standard number of days divided by the total of all filings/requests processed.

**Filings include:** Applications for firms, branches and agents; renewals for firms, branches and agents (captured within the Regulatory Enforcement and Licensing (REAL) System); public records requests, and compliance notices (i.e., amendments and terminations).

**Public Records Requests include:** Central Registration Depository (CRD) snapshots, certificates of registration or non-registration, copies of files, and other public information requested from the Office. Sources of data will be the REAL System.

Processing times are calculated as follows:

- For applications and compliance notices, the days to process will be calculated from the received date to final status date.
- For paper renewals, the days to process will be calculated from the validation date of the renewal fee to date license printed.
- Electronic renewals are processed automatically through the CRD/Investment Advisor Registration Depository (IARD) systems of FINRA (Financial Industry Regulatory Authority). The days to process will be calculated from the date the appropriate application funds have been received by the agency to the date the application is approved, denied, or withdrawn.

- For public records requests, the days to process will be calculated from the received date of the request to the date the Office responds to the request.

Hypothetical Example of computation:

Filing/Request Type	Std. days to process	# proc. in std. days	total # processed	% processed
Applications - Firms	65	40	45	89%
Applications - Branches	45	20	20	100%
Applications - Agents	6	6	6	100%
Compliance Notices	75	500	600	83%
Renewals	15	10	12	83%
Public records requests	30	300	500	60%
<b>% PROCESSED WITHIN STANDARD</b>		<b>876</b>	<b>1183</b>	<b>74%</b>

**Validity:** This measure will address efficiency in handling of filings/requests in an effort to improve processing time assuming conditions remain stable. Chapter 120, Florida Statutes, prescribes certain timeframes that must be adhered to when processing applications for registration; however, no statutory or rule requirements exist to dictate time frames for filings/requests not related to an application. It is the goal of the program to improve our processing to better serve the financial services industry and the public. This measure helps to ensure the timely processing of filings/requests. This furthers the agency's mission to support the regulated industries and customers by providing a timely service to these entities.

**Reliability:** Filing requests can be received by the Division either electronically or in paper. Most are received electronically. The computations for filings/requests begin with the receipt date, which is manually stamped on original documents upon receipt. All paper filings with associated fees are date stamped by the Department of Financial Services' Cashier's Office. All paper filings not associated with fees are date stamped by Division personnel. All electronic filings are recorded as received upon submission to the Division. Data for filings is captured in CRD and REAL where it is manipulated into the format needed for this computation.

**Established standards are as follows:**

TYPE	STANDARD
Applications - Firms	65 days from receipt to final action date
Applications - Branches	45 days from receipt to final action date
Applications - Agents	6 days from receipt to final action date
Renewals	15 days for ministerial (basic) renewals

Compliance Notices	75 days from receipt to completed date
Public Records Requests	30 days to process from receipt to mail out

\*standard days to process established Fiscal Year 2006-07

*Office of Policy and Budget – July 2009*



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services  
**Program:** Financial Services Commission/Office of Financial Regulation  
**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Number of actions taken as a result of licensing substantive review

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the number of formal actions issued regarding applications that, based on a substantive review, were either denied or granted registration pursuant to a stipulation and consent agreement or a registration agreement.

**Types of applications included in this measure:** firms, branches, and associated persons.

Actions taken and applications will be retrieved from the Office's Regulatory Enforcement and Licensing (REAL) System. REAL maintains application data of registrants that were processed through CRD and required additional review.

**Validity:** This measure provides an indication of the effectiveness of the licensing program by highlighting those entities and individuals that have disciplinary disclosure events that are grounds for action under the statutes. Disclosure events are actions such as: revocations, suspensions, complaints, criminal and/or civil actions. The licensing standards in effect have had a significant impact on the legitimacy of the financial services industry in the State and the protection of consumers of the State. Historically, the number of formal actions against applicants has remained very low. If this number should rise at any given point, the Office will take action to review and adjust licensing standards where necessary to continue to provide legitimacy to the industry as well as protect consumers.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on a year-to-date total of actions taken as retrieved from REAL.

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# Associated Activities Contributing to Performance Measures - LRPP Exhibit V

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for FY 2009-10 (Words)	Associated Activities Title
<b>43900530 Safety and Soundness of State Banking System</b>		
1	<b>Primary Service Outcome</b> - Percentage of applications for new Florida financial institutions that seek state charters	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
2	Percentage of domestic and foreign banks and trust companies receiving an examination report within 45 days after the conclusion of their onsite state examination	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
3	Percentage of credit unions receiving an examination report within 30 days after the conclusion of their onsite state examination	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
4	Percentage of de novo applications statutorily complete that are processed within a standard number of 90 days	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
5	Percentage of surveys returned that rate the Division's examination program as satisfactory or above	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
6	Number of domestic financial institutions regulated	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness. Promote Florida's domestic and international financial services industries
7	Number of international financial institutions regulated	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness. Promote Florida's domestic and international financial services industries

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Measure Number	Approved Performance Measures for FY 2009-10 (Words)		Associated Activities Title
<b>43900540 Financial Investigations</b>			
1	<b>Primary Service Outcome</b> - Percentage of investigative case referrals that result in enforcement action		Conduct financial investigations into allegations of fraudulent activity.
2	Percentage of documented violations that were referred for action.		Conduct financial investigations into allegations of fraudulent activity.
3	Number of financial investigations closed.		Conduct financial investigations into allegations of fraudulent activity.

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**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2009-10 (Words)</b>		<b>Associated Activities Title</b>
<b>43900560 Finance Regulation</b>			
1	<b>Primary Service Outcome</b> - Percentage of examinations of licensees conducted due to significant information received from various outside sources which result in agency action		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
2	Percentage of high priority risk-based examinations of licenses which result in agency action		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
3	Percentage of consumer complaints resolved by staff and closed within 180days		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
4	Percentage of consumers complaints which are outside OFR's jurisdiction which are referred to other agencies with 30 days		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
5	Percentage of consumer complaints which contain significant information which are referred to examinations within 90 days		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
<b>Money Transmitter Businesses Regulation</b>			
1	<b>Primary Service Outcome</b> - Percentage of licensees examined for cause where agency action is taken		Regulate Money Services Businesses Including Fund Transmitters and Money Transmitter Firms, Branches and Individual Locations
2	Percentage of licensees examined who are targeted for examination due to required five-year cycle during the fiscal year *		Regulate Money Services Businesses Including Fund Transmitters and Money Transmitter Firms, Branches and Individual Locations
3	Percentage of MSB formal actions followed up to determine compliance within 6 months of final order		Regulate Money Services Businesses Including Fund Transmitters and Money Transmitter Firms, Branches and Individual Locations
4	Percentage of examinations of MSB licensees with suspected criminal violations referred to criminal investigative agencies		Regulate Money Services Businesses Including Fund Transmitters and Money Transmitter Firms, Branches and Individual Locations
5	Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination		Regulate Money Services Businesses Including Fund Transmitters and Money Transmitter Firms, Branches and Individual Locations
6	Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination		Regulate Money Services Businesses Including Fund Transmitters and Money Transmitter Firms, Branches and Individual Locations
<b>Finance Licensing</b>			
1	<b>Primary Service Outcome</b> - Percentage of license applications processed within Administrative Procedure Act requirements		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
2	Percentage of filing requests processed within a designated standard number of days (standard based on type of filing)		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance
3	Number of formal actions taken as a result of licensing substantive review process		Regulate Non-depository Firms, Branches, Individuals and Schools to ensure Regulatory Compliance

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for FY 2009-10 (Words)		Associated Activities Title
<b>43900570 Securities Regulation</b>			
1	<b>Primary Service Outcome</b> - Percentage of enforcement examination referrals that result in enforcement action		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
2	Percentage of risk-based examinations resulting in action		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
3	Number of risk-based and special examinations completed		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
4	Percentage of risk-based and special examinations closed or referred to the Office of Legal Services, or referred to enforcement examination within 180 days		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
5	Percentage of consumer complaints closed or referred to an examination within 90 days		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
6	Number of enforcement examinations completed		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
7	<b>Primary Service Outcome</b> - Percentage of applicants not granted registration in the securities industry in Florida who subsequently are the subject of additional regulatory disclosure		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
8	Percentage of filing requests processed within a designated standard number of days (standard based on type of filing)		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
9	Percentage of license applications processed within Administrative Procedure Act requirements		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.
10	Number of actions taken as a result of licensing substantive review process		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance.

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# LRPP Exhibit VI: Agency-Level Unit Cost Summary

## LRPP Exhibit VI: Agency-Level Unit Cost Summary

The LRPP Instructions require that Exhibit VI be submitted at the Department level so OFR's unit cost data is rolled up into the Department of Financial Services Exhibit VI. Listed below is the data for OFR measures that are rolled up in to the DFS measures.

SECTION II: ACTIVITIES * MEASURES	Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * <a href="#">Examinations of non-depository financial service companies to determine compliance with regulations.</a>	367	32,986.46	12,106,029
Evaluate And Process Applications For Licensure As A Financial Services Entity. * <a href="#">Applications processed or evaluated for licensure or registration as a non-depository financial services entity.</a>	38,545	81.07	3,124,813
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * <a href="#">Number of domestic financial institutions examined to ensure safety and soundness.</a>	295	40,130.61	11,838,531
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * <a href="#">Number of international financial institutions examined to ensure safety and soundness.</a>	26	31,954.46	830,816
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * <a href="#">Number of financial investigations into allegations of fraudulent activity.</a>	195	28,893.14	5,634,163
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * <a href="#">Examinations of money services businesses conducted to determine compliance with regulations.</a>	188	15,189.96	2,855,713
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * <a href="#">Number of examinations of securities firms and branches conducted.</a>	280	20,901.15	5,852,322
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * <a href="#">Number of Securities applications processed for registration of firms, branches, and/or individuals.</a>	81,718	29.42	2,404,028

The complete exhibit including all of DFS and the audit report may be found on the following pages.



FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2008-09			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT				284,160,417	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)				18,482,660	
FINAL BUDGET FOR AGENCY				302,643,077	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
<i>Executive Direction, Administrative Support and Information Technology (2)</i>					0
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		14,163	47.96	679,300	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		62,082	22.52	1,397,894	
Investment Of Public Funds * Dollar Volume of Funds Invested		16,000,000,000	0.00	1,660,997	
Provide Cash Management Services * Number of cash management consultation services.		28	9,318.25	260,911	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		9,999,487	0.15	1,484,578	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,210,591	0.84	1,019,733	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		34,918	123.64	4,317,109	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		13,651,703	0.08	1,155,194	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements.		573,993	7.11	4,079,008	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements.		6	263,212.17	1,579,273	
Process State Employees Payroll * Payroll payments issued.		3,385,211	0.66	2,235,012	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes.		17	23,441.88	398,512	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		21	48,393.33	1,016,260	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		1,301,872	1.98	2,578,251	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		302,808	8.47	2,565,678	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,312	58.66	487,551	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		17,188	239.09	4,109,446	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		789	721.95	569,615	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		4,378	130.11	569,615	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		5,600	2,451.51	13,728,457	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		179,074	27.56	4,934,530	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,696	282.08	2,452,976	
Provide Forensic Laboratory Services * Number of photographic images processed.		12,963	81.87	1,061,261	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,125,886	0.20	424,618	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		22,088	184.78	4,081,517	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,490	568.40	3,120,534	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		156	3,719.64	580,264	
Provide Risk Services Training And Consultation * Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made.		355	1,352.34	480,080	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		45	23,764.31	1,069,394	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		113,223	33.16	3,754,627	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		103,478	38.61	3,995,446	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,622,900	0.52	840,248	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		159,347	2.83	451,692	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,165	1,721.33	7,169,335	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,402	10,962.65	15,369,639	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		569	8,457.77	4,812,469	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		39,221	148.68	5,831,560	
Provide Consumer Education Activities * Number of consumer educational materials created and distributed.		111,700	12.19	1,361,178	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		293,067	18.85	5,524,412	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed		1,976	1,224.06	2,418,736	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		81,893	58.97	4,829,040	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		29,166	464.25	13,540,248	
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		1,981	2,772.26	5,491,848	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		3,727	377.80	1,408,051	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		154,875,227	0.00	662,810	
Occupation Injury And Illness Survey * Number of injuries and illnesses and incidence rates of injuries/illnesses.		11,898	47.75	568,121	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,595,795	1.03	5,775,910	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		1,687	841.91	1,420,306	
Approve And License Entities To Conduct Insurance Business. * Number of applications processed.		243	3,632.42	882,678	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		630	5,599.40	3,527,621	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		9,656	1,833.82	17,707,371	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		20,604	412.07	8,490,205	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		367	32,986.46	12,106,029	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		38,545	81.07	3,124,813	
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Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		81,718	29.42	2,404,028	
TOTAL				224,577,534	

SECTION III: RECONCILIATION TO BUDGET			
PASS THROUGHS			
TRANSFER - STATE AGENCIES			
AID TO LOCAL GOVERNMENTS			
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS			
OTHER		51,662,476	
REVERSIONS (Includes 10,241,342 Domestic Security re-appropriation/SB2600 Section 48)		26,403,081	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)		302,643,091	

**SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY**

- (1) Some activity unit costs may be overstated due to the allocation of double budgeted items.
- (2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.
- (3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.
- (4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

## **Glossary of Terms and Acronyms**

AARMR – American Association of Residential Mortgage Regulators – a non-profit association of state regulators of mortgage lenders and mortgage brokers. This organization, in conjunction with the Conference of State Bank Supervisors (CSBS), owns and manages the Nationwide Mortgage Licensing System (NMLS)

Activity – a set of transactions within a budget entity that translates inputs into outputs using resources in response to a business requirement. Sequences of activities in logical combinations form services. Unit cost information is determined using the outputs of activities

AFM – Area Financial Manager

AML – Anti-money laundering

APA – Administrative Procedures Act, Chapter 120, Florida Statutes

Baseline data – indicators of a state agency's current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees

BR – Board Resolution

BSA – Bank Secrecy Act

Budget entity – a unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. "Budget entity" and "service" have the same meaning

C&D – Cease and Desist Order – formal enforcement order issued after notice and opportunity for hearing, requiring a person to terminate unlawful practices

CFE – Certified Fraud Examiner – designation given by the Association of Certified Fraud Examiners which denotes proven expertise in fraud prevention, detection and deterrence

Check casher – a person who receives compensation for exchanging currency for payment instruments

CFO – Chief Financial Officer

CL – Commitment Letter

CRD – Central Registration Depository – computerized database that provides information on securities dealers, sales representatives, and supervisory personnel. This national database is compiled from application forms, exchange-developed tests, reported enforcement actions, and related information. The Financial Industry Regulatory Authority (FINRA) owns the CRD system and its facilities, operating them on behalf of state and federal regulators and other users

CSBS – Conference of State Bank Supervisors – national organization of state banking regulators. This organization, in conjunction with the American Association of Residential Mortgage Regulators (AARMR), owns and manages the Nationwide Mortgage Licensing System (NMLS)

Consumer finance company – company that loans to consumers in an amount less than \$25,000 with maximum interest rates between 18% and 30% per annum

Correspondent mortgage lender – company permitted to broker and make mortgage loans, and service loans for others for a limited time period. They are authorized to originate mortgage loans and close loans in their name, and may broker mortgage loans to other lenders

Consumer collection agency – company that collects or attempts to collect consumer debts, which are owed or due to another person. They may also collect third party commercial debts as long as less than one-half of the collection revenue is from the collection of commercial claims

Commercial collection agency – company that collects or solicits collections on commercial claims owed or due to another person

De novo bank – a newly chartered bank

DFS – Department of Financial Services – provides administrative and information systems support to the Office of Financial Regulation

DOGI – Division of Financial Institutions' Database of General Information

DOR – Document of Resolution

DPP – Deferred Presentment Provider – an entity that engages in deferred presentment transactions (commonly referred to as payday loans) and is registered under Part II or Part III of the Money Transmitter Code and has filed a declaration of intent with the Office

DROP – Deferred Retirement Option Program

EOG – Executive Office of the Governor

Estimated Expenditures – includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills

FAC – Florida Administrative Code

FDIC – Federal Deposit Insurance Corporation – independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system.

FINRA – Financial Industry Regulatory Authority, formerly known as the National Association of Securities Dealers (NASD) – a Self Regulatory Organization (SRO) of broker/dealers. All securities firms, stockbrokers, and registered representatives doing business with the American public must register with FINRA

F.S. – Florida Statutes

FSAIF – Florida Seniors Against Investment Fraud – made possible in part from a grant by the Investment Protection Trust. This is a statewide outreach program, developed by Seniors vs. Crime and the Florida Office of Financial Regulation, created to help Florida's seniors avoid becoming the victims of financial fraud. The program's primary goals are to educate Florida seniors over the age of 50 about investment fraud and to help Florida seniors avoid being victimized

FSC – Financial Services Commission – composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture

FTE – Full Time Equivalent

FY – Fiscal Year

GAA – General Appropriations Act

GR – General Revenue Fund

HOPE NOW Alliance – an alliance of housing counselors, mortgage servicers, investors, and other mortgage market participants to maximize outreach to efforts to at-risk homeowners and help them stay in their homes

HR – Human Resources

IARD – Investment Adviser Registration Depository – computerized database which provides information on investment adviser firms, investment adviser representatives, and supervisory personnel. This national database is owned by

the FINRA and its facilities are operated on behalf of state and federal regulators and other users

IG – Inspector General

Indicator – a single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure”

Information technology resources – includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training

Input – see Performance measure

Investment advisers – individuals who give advice about securities including stocks, bonds, mutual funds, and annuities. They may use a variety of titles including investment manager, investment counsel, asset manager, wealth manager, and portfolio manager. They provide ongoing management of investments based on the client’s objectives, typically with the client giving discretionary authority to make decisions without having to get prior approval for each transaction. Generally, an investment adviser’s compensation is considered to be a “fee”

IPT – Investor Protection Trust – a nonprofit organization devoted to investor education. Its primary mission is to provide independent, objective information needed by consumers to make informed investment decisions and serves as an independent source of non-commercial investor education materials

IT – Information Technology

LBC – Legislative Budget Commission – a standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature

LBR – Legislative Budget Request – a request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform

Loan modification – a permanent change in one or more of the mortgagor’s loan terms

Loan originator – an individual who, directly or indirectly, solicits or offers to solicit a mortgage loan, accepts or offers to accept an application for a mortgage loan, negotiates or offers to negotiate the terms or conditions of a new or existing mortgage loan on behalf of a borrower or lender, processes a mortgage loan application, or negotiates or offers to negotiate the sale of an existing mortgage loan to a non-institutional investor for compensation or gain

Loan servicing – the collection for an investor of periodic payments of principal, interest, taxes and insurance in accordance with the terms of a note or mortgage

LUA – Letter of Understanding and Agreement

LRPP – Long-Range Program Plan – a plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance

Money transmitter – a person who sends funds, either by wire, facsimile, electronic transfer, courier or other means

Mortgage broker – a person conducting loan originator activities through one or more licensed loan originators employed by the mortgage broker or as independent contractors to the mortgage broker

Mortgage brokerage business – a company that arranges mortgage loans for a borrower, accepts loan applications, and negotiates terms and conditions of a mortgage loan on behalf of a lender on real estate located in Florida. A mortgage broker business may only use licensed mortgage brokers to solicit or negotiate loans on its behalf

Mortgage lender – a company that brokers, makes, and services loans for others on Florida real estate. They function similarly to a correspondent mortgage lender, however, they may sell loans to non-institutional investors and service loans indefinitely for consumers

MOU – Memorandum of Understanding

MSB – money services business – any person located or doing business in the State who acts as a payment instrument seller, foreign currency exchanger, check casher or money transmitter

Narrative – justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed

NASAA – North American Securities Administrators Association

NASCUS – National Association of Credit Union Supervisors

NASD – National Association of Securities Dealers – now known as the Financial Industry Regulatory Association (FINRA)

NCUA – National Credit Union Association

NMLS – Nationwide Mortgage Licensing System – national mortgage licensing system being developed by the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). Use of the system is required under federal law and is intended to provide uniform license applications and reporting requirements for State licensed loan originators; provide a comprehensive licensing and supervisory database; improve the flow of information to and between regulators; provide increased accountability and tracking of loan originators; enhance consumer protection; and support anti-fraud measures

Non-recurring – expenditure or revenue which is not expected to be needed or available after the current fiscal year

OCC – Office of the Comptroller of the Currency

OCO – Operating Capital Outlay

OIR – Office of Insurance Regulation

OFR – Office of Financial Regulation

OPB – Office of Policy and Budget, Executive Office of the Governor

OPS – Other Personal Services

Outcome – see Performance measure

Output – see Performance measure



Outsourcing – describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission

Payment instrument seller – a company qualified to do business in this state that sells or issues checks, drafts, warrants, money orders, traveler’s checks, electronic instruments, other instruments, payment of money of monetary value whether or not negotiable

Payday lenders – common name for companies registered as Deferred Presentment Providers under Part IV of Chapter 560, Florida Statutes

PBPB/PB<sup>2</sup> – Performance-Based Program Budgeting

Performance measure – a quantitative or qualitative indicator used to assess state agency performance

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services
- Outcome means an indicator of the actual impact or public benefit of a service
- Output means the actual service or product delivered by a state agency

Policy area – is a grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code

Privatization – occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service

Program – a set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word “Program.” In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. “Service” is a “budget entity” for purposes of the LRPP

Program component – an aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting

REAL System – Regulatory Enforcement and Licensing System – a comprehensive system which provides OFR with an integrated financial regulatory management system by combining core processes for fiscal, licensing, investigations, examination, legal and complaint functions – initial funding for the project was granted in Fiscal Year 2006-07 and the System was completed in January 2009 on time and within budget

Reliability – the extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use

SAFE Mortgage Licensing Act – Secure and Fair Enforcement in Mortgage Licensing Act of 2008 – major federal housing reform legislation (Public Law 110-289) designed to prevent foreclosures, stabilize the declining housing market, and reform the government-sponsored enterprises Fannie Mae and Freddie Mac

SEC – Securities and Exchange Commission

Service – see Budget Entity

Standard – the level of performance of an outcome or output

SWOT – Strengths, Weaknesses, Opportunities and Threats

TCS – Trends and Conditions Statement

TF – Trust Fund

TRW – Technology Review Workgroup

Unit cost – the average total cost of producing a single unit of output – goods and services for a specific agency activity

USA PATRIOT Act – Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act

Validity – the appropriateness of the measuring instrument in relation to the purpose for which it is being used

WA – Written Agreement