



CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
STATE OF FLORIDA

## LONG RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

September 30, 2012

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

JoAnne Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Terry Rhodes, Staff Director  
Senate Budget Committee  
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 2013-14 through Fiscal Year 2017-18. The Internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.myfloridacfo.com/>. This submission has been approved by Jeff Atwater, Chief Financial Officer.

A handwritten signature in blue ink that reads "R. Kneip".

Robert C. Kneip  
Chief of Staff

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Robert C. Kneip • Chief of Staff

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# **Department of Financial Services**

## **Long Range Program Plan**

**Fiscal Years  
2013-14 through 2017-18**

***Jeff Atwater***  
***Chief Financial Officer***

# **AGENCY MISSION AND GOALS**

## **MISSION**

To safeguard the integrity of the transactions entrusted to the Department of Financial Services and to ensure that every program within the Department delivers value to the citizens of Florida by continually improving the efficiency and cost effectiveness of internal management processes and regularly validating the value equation with our customers.

## **VISION**

The Department of Financial Services will be recognized for its standards of professionalism, its ethical behavior, its unrelenting pursuit of fraud and abuse, and its commitment to the growth and expansion of Florida's economy. Specifically, the organization will encourage and support the professional development of its employees, conduct its relationships with internal and external stakeholders according to the strictest code of ethics, promote values of trust and honesty throughout the organization, aggressively identify and eliminate fraud, waste and abuse inside and outside of the agency, and eliminate any and all regulatory or procedural barriers to job creation and economic growth.

# GOALS

## CONTRACTING AND AUDITING

*Goal 1: The Department will be a vigilant steward of the state's resources.*

## FRAUD

*Goal 2: The Department will protect the health, safety and welfare of the public.*

## CUSTOMER DRIVEN VALUE CREATION

*Goal 3: The Department will actively engage, listen to and strive to satisfy our customers.*

## TRANSPARENCY

*Goal 4: The Department will widely publish and promote access to its public information.*

## OPERATIONAL EFFICIENCIES

*Goal 5: The Department will strive for excellence by promoting and encouraging continuous improvement.*

## WORKFORCE

*Goal 6: The Department will provide a workplace environment that is conducive to attracting and retaining quality employees.*

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

**CONTRACTING AND AUDITING**

*Goal 1: The Department will be a vigilant steward of the state's resources.*

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

**Division of Accounting and Auditing:**

**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	FY 2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
89%	92%	93%	93%	93%	93%

**Division of Administration:**

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

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
94%	97%	97.5%	97.5%	98%	98%

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

**Division of Treasury:**

**Outcome:** Amount by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
.69%	.2%	.2%	.2%	.2%	.2%

**Outcome:** Number of cash management consultation services performed annually by Treasury.

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
30	30	30	30	30	30

**Outcome:** Percentage of Qualified Public Depositories Analyses completed within 90 days.

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
100%	100%	100%	100%	100%	100%

**Outcome:** Percentage of core accounting processes that meet established deadlines and standards for accuracy.

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
97%	98%	98%	98%	98%	98%

**Outcome:** Percentage of Collateral Administrative Program transactions completed within three business days.

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
97%	97%	97%	97%	97%	97%

**Division of Workers' Compensation:**

**Outcome:** Percentage of disputed issues between carriers, employers and injured workers resolved during the informal dispute resolution process.

FY 2011-12 Baseline	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
78.5%	79.5%	80%	80.5%	81%	81%

**Division of Rehabilitation and Liquidation:**

**Outcome:** Percentage of appraised value of assets liquidated for real property by Rehabilitation and Liquidation.

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
90%	90%	90%	90%	90%	90%

**Outcome:** Percentage of appraised value of assets liquidated for personal property by Rehabilitation and Liquidation.

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
75%	75%	75%	75%	90%	90%

**Objective 1C:** Improve state agency accountability for contracts.

**Division of Administration:**

**Outcome:** Percentage of DFS contracts sampled for review by the Division of Administration's Contract Administration Manager that meet the Division of Accounting and Auditing accountability standards. Review criteria: 1) all purchase orders \$250,000 and above prior to execution, 2) minimum 5% sampling of approved purchase orders less than \$250,000, 3) all two-party agreements prior to execution, 4) completed and compliant contract manager file reviews.

FY2012-13 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
80%	82%	84%	86%	88%	90%

## FRAUD

**Goal 2: The Department will protect the health, safety and welfare of the public.**

**Objective 2A:** Produce more prosecutable cases.

### Division of State Fire Marshal:

**Outcome:** Percentage of Fire Marshal arson arrests resulting in conviction.

FY2006-07 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
87.1%	90%	90%	90%	90%	90%

**Outcome:** Average turnaround time for the Fire Marshal's Bureau of Forensic Fire and Explosives Analysis

FY2008-09 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
8.25 days	6.9 days	6.8 days	6.7 days	6.7 days	6.7 days

### Division of Public Assistance Fraud:

**Outcome:** Increase Public Assistance Fraud total dollar amount of net return on investment each year based on dollar amount of benefits withheld, saved and recouped.

FY2012-13 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
300%	320%	330%	340%	350%	360%

**Outcome:** Increase number of Public Assistance Fraud completed cases resulting in referral for disqualification or prosecution per year.

FY2012-13 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
2,400	2,880	3,120	3,360	3,600	3,840

**Objective 2B:** Increase fire and life safety through aggressive inspections, investigations and education.

### Division of State Fire Marshal:

**Outcome:** Percentage of Fire Marshal's mandated regulatory fire prevention inspections completed.

FY2006-07 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
100%	100%	100%	100%	100%	100%

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

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
100%	100%	100%	100%	100%	100%

**Outcome:** Percentage of Florida fire departments submitting incidents to Fire Marshal.

CY2008* Baseline	CY2013	CY2014	CY2015	CY2016	CY2017
84.5%	89%	90%	91%	91%	91%

\*Calendar Year

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

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

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
90%	95%	96%	97%	97%	97%

**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	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
72.65%	93%	95%	97%	97%	97%

**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	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
64.29%	93%	95%	97%	97%	97%

**Objective 2C:** Protect insurance-buying consumers from financial harm and deceitful practices.

**Division of Insurance Fraud:**

**Outcome:** Court ordered restitution as a percentage of requested restitution.

FY2012-13 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
70%	70%	70%	70%	70%	70%

**Outcome:** Requested restitution as a percentage of annual appropriated budget.

FY2012-13 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
200%	200%	200%	200%	200%	200%

**Division of Agent and Agency Services:**

**Outcome:** Percentage of licensees disciplined.

FY2010-11 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
7%	7%	7%	7%	7%	7%



**Division of Workers' Compensation:**

**Outcome:** Average number of Workers' Compensation employer investigations completed monthly.

FY 2011-12 Baseline	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
55	57	58	58	58	58

**Outcome:** Percentage of the insurance industry's overall compliance of filing Workers' Compensation Explanation of Bill Review (EOBR).

FY 2011-12 Baseline	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
60%	78%	80%	85%	90%	90%

## CUSTOMER DRIVEN VALUE CREATION

*Goal 3: The Department will actively engage, listen to and strive to satisfy our customers.*

**Objective 3A:** Measure success in delivering value to customers.

### Division of Consumer Services:

**Outcome:** Percentage of consumers who rate the Division's services as good or excellent.  
(Survey results)

FY2010-11 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
75%	75%	75%	75%	75%	75%

### Office of Insurance Consumer Advocate:

**Outcome:** Percentage of referred Consumer Advocate cases responded to and/or transferred within ten days of receipt.

FY2010-11 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
90%	90%	90%	90%	90%	90%

**Outcome:** Number of available Consumer Advocate resources used to research and respond to insurance market conditions that affect Florida's insurance policyholders.

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
60	96	96	96	96	96

### Division of State Fire Marshal:

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

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
75%	75%	75%	75%	75%	75%

### Division of Treasury:

**Outcome:** Percentage of state employees participating in the State Deferred Compensation Plan.

FY2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
41%	40%	40%	40%	40%	40%

### Division of Consumer Services:

**Outcome:** Percentage of helpline call and service request audits that result in quality service (audit scores).

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
80%	90%	90%	90%	90%	90%

**Outcome:** Percentage of phone calls answered within four minutes.

FY2010-11 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
90%	80%	80%	80%	80%	80%

**Division of Information Systems:**

**Outcome:** Percentage of internal customers who returned an Information System's 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	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
95.03%	95.5%	95.5%	96%	96%	96%

**Division of Administration:**

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

FY2007-08 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
85%	91%	91%	91%	91%	91%

## TRANSPARENCY

*Goal 4: The Department will widely publish and promote access to its public information.*

**Objective 4A:** Increase fulfillment of public record requests by electronic means.

**Office of General Counsel, Public Records Office:**

**Outcome:** Percentage of public records available by email or electronic media.

FY2010-11 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
70%	85%	87.5%	90%	95%	95%

## OPERATIONAL EFFICIENCIES

*Goal 5: The Department will strive for organizational excellence by promoting and encouraging continuous improvement.*

**Objective 5A:** Increase service levels for those Floridians requiring the Department's services.

**Division of Risk Management:**

**Outcome:** Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, Florida Administrative Code.

FY 2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
98%	98%	98%	98%	98%	98%

**Outcome:** Total Number of Workers' Compensation Claims with payments, per agency.

FY 2011-12 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
51,000	51,000	51,000	51,000	51,000	51,000

**Objective 5B:** Increase efficiency through automation.

**Division of Legal Services:**

**Outcome:** Percentage of insurers receiving Legal Service of Process by electronic means.

FY2006-07 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
10%	90%	100%	100%	100%	100%

**Division of Workers' Compensation:**

**Outcome:** Percentage of overall Workers' Compensation accepted claims in electronic data interchange (EDI) form filings.

FY 2011-12 Baseline	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
76%	79%	80%	81%	82%	83%

## WORKFORCE

**Goal 6:** *The Department will provide a workplace environment that is conducive to attracting and retaining quality employees.*

**Objective 6A:** Maximize the Department's financial, operational, and human resources.

### **Division of Insurance Fraud:**

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

FY2006-07 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
11%	4%	3%	3%	4%	5%

**Objective 6B:** The Department will promote diversity by assessing current hiring practices and finding innovative ways to recruit top diverse candidates.

### **Division of Administration:**

**Outcome:** Percentage of minority new hires.

FY2010-11 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
32%	33.5%	34%	34.5%	35%	35%

**Objective 6C:** Promote professionalism among Department employees

**Outcome:** Percentage of overall employee satisfaction with learning and development opportunities that result in an above standard rating.

FY2012-13 Baseline	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18
94%	94%	94%	94%	94%	95%

## TRENDS AND CONDITIONS STATEMENTS

### ORGANIZATIONAL OVERVIEW

Article IV, Section 4(c), Florida Constitution States that, “ 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”), which consists of fourteen divisions. The CFO is supported by the Office of 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

Programs and Statutes	Description
<u>Office of the Chief Financial Officer and Administration</u>	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 Inspector General</li> <li>➤ Office of Chief of Staff</li> <li>➤ Office of Insurance Consumer Advocate</li> </ul>
<u>Treasury (Division of Treasury)</u>  Chapters 17 and 280, Florida Statutes	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>
<u>Financial Accountability for Public Funds (Division of Accounting and Auditing)</u>  Chapters 17 and 717, Florida Statutes	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>➤ audit of disbursements and other financial transactions</li> <li>➤ state employee payroll services</li> <li>➤ recovery and return of unclaimed property</li> </ul>

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Fire Marshal</u> (<i>Division of State Fire Marshal</i>)</p> <p>Chapter 633, Florida Statutes</p>	<p>Assures statewide fire safety. Responsible for:</p> <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>
<p><u>State Property and Casualty Claims</u> (<i>Division of Risk Management</i>)</p> <p>Chapters 284, Florida Statutes</p>	<p>Ensures that state agencies are provided quality insurance coverage at reasonable rates. Provides to all state agencies:</p> <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>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Rehabilitation and Liquidation</i>)</p> <p>Chapter 631, Florida Statutes</p>	<p>Court-appointed receiver for insurers placed in receivership. Responsible for:</p> <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>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Agent and Agency Services</i>)</p> <p>Chapters 624, 626, 627, 632, 634, 635, 636, 641, 642, and 648, Florida Statutes</p>	<p>Protects the public by licensing individuals and entities and investigating alleged violations of law. Responsible for:</p> <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>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Insurance Fraud</i>)</p> <p>Section 626.989, Florida Statutes</p>	<p>Protects Florida citizens, businesses and consumers from persons who commit financial and insurance fraud. Responsible for:</p> <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>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Consumer Services</i>)</p> <p>Section 20.121(2)(h), Florida Statutes</p>	<p>Provides education, information and assistance to consumers for all products or services regulated by DFS or the Financial Services Commission. Responsible for:</p> <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>

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Funeral, Cemetery and Consumer Services</i>)</p> <p>Chapter 497, Florida Statutes</p>	<p>Protects consumers from illegal practices in the death industry. Responsible for:</p> <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>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Public Assistance Fraud</i>)</p> <p>Section 414.411, Florida Statutes</p>	<p>The mission of the Division of Public Assistance Fraud (PAF) is to investigate fraud and abuse in the Florida administered public assistance programs. The areas of investigative activity for the PAF unit include:</p> <ul style="list-style-type: none"> <li>➤ program recipient investigations (eligibility fraud)</li> <li>➤ trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores)</li> <li>➤ day care services providers</li> <li>➤ DCF ACCESS Program employee fraud</li> <li>➤ prescription drug diversion</li> </ul>
<p><u>Workers' Compensation</u> (<i>Division of Workers Compensation</i>)</p> <p>Section 20.121 and Chapter 440, Florida Statutes</p>	<p>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:</p> <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>



# ADDRESSING AGENCY PRIORITIES

## CONTRACTING AND AUDITING

**Goal 1: The Department will be a vigilant steward of the state's resources.**

The Chief Financial Officer (CFO) 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)). To accomplish this, the CFO is responsible for verifying that dollars are spent legally and that Floridians receive the services for which they pay. The CFO’s ability to fulfill his 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 (section 17.04, Florida Statutes).

The CFO is committed to improving the contracting process to improve 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 Administration, Bureau of Financial and Support Services.** The Bureau of Financial Services provides extensive training to staff on how to properly submit vouchers for payment and the importance of ensuring all vouchers are submitted to the Division of Accounting and Auditing for payment within 20 days of the transaction date. Year-end training is provided on an annual basis to all divisions which includes information on the importance of submitting invoices for payment in a prompt manner. Communication is forwarded to division directors for non-compliant invoices so as to ensure future invoices are submitted in a timely manner. Last fiscal year the Bureau processed 15,197 invoices and 11,405 Purchasing Card transactions totaling more than \$2.7 million.

**Division of Administration, Bureau of General Services.** The Department of Financial Services has implemented improvements within three areas of emphasis in the procurement operations: equity, integrity and efficiency. These improvements are to promote fiscal accountability, appropriate planning and contract monitoring to result in improved contracts. A Contract Management Life Cycle and Procurement Guide handbook is available for anyone in the Department who manages contracts, procures or assists in procurement. The Department also implemented a resource with duties as the Contract Administration Manager who serves to perform quality assurance, monitoring activities, and mentoring throughout the procurement and contract life cycle with an intended outcome of executing and managing contracts that consistently meet accountability standards.

**Division of Accounting and Auditing, Bureaus of Financial Reporting, Auditing, and State Payrolls.** The Division of Accounting and Auditing is responsible for the accounting, auditing and reporting of the state’s and local government’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. The 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.

Further, the Bureau of Auditing 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 (3) the statutory requirements in chapters 215, 216, and 287 Florida Statutes, and (4) the federal grant reporting requirements from the Office of Management and Budget. This Bureau also is responsible for performing financial reviews of the County Clerks of Circuit Court Offices, pursuant to section 28.36(8), Florida Statutes.

***Division of Treasury, Bureau of Funds Management.*** The weighted average daily balances of investment holdings for the period July 1, 2011 through June 30, 2012 was \$18.2 billion in investments. This was a slight increase over the previous period's average balance of \$17.9 billion. The funds used to purchase Treasury Investments are provided by the state's general revenue, trust funds, and Special Purpose Investment Account participants.

During this period, the Treasury was able to provide positive earnings (net of realized losses) each month during with a low gross annualized earnings rate of 1.9 percent in April 2012 and a high gross annualized earnings rate of 3.6 percent in August 2011. The average gross annualized earnings were 2.4 percent.

The Treasury distributed earnings for the period of \$420.5 million. Of these earnings, \$110.5 million went to General Revenue, \$136.6 million went to trust funds and \$173.4 million went to Special Purpose Investment Account holders.

The value of each dollar invested with the Treasury (fair value factor) was at its low in March 2012 of 1.0138. The high for the period was in October 2011 at 1.0188. The value finished the period at 1.0171 as of June 30, 2012. A factor greater than 1.0000 provides that the market value of the Pool's investments is greater than the funds invested in the Pool.

***Division of Treasury, Bureau of Collateral Management.*** The Program Administration Section, which administers the Qualified Public Deposits Program, has seen a decrease in Qualified Public Depositories (QPD). In the first 27 years of the program there were three failures, in 2009 there were eight, and in 2010 there were a total of 18. In 2011 there was one QPD failure that had zero deposits and one that was withdrawing, but has been acquired by a new bank that stayed in the program. In 2012 there have been no failures of a QPD. The total number of depositories in the program has steadily declined from 195 in September 2010 to 181 in March 2011 to 177 in July 2012. This total decline can be attributed to the previous failures and the acquisition of many of those failures by existing QPDs.

The number of QPDs in the highest risk category of 200 percent had dropped from high of 34 in March 2011 to 29 in July 2012. These QPDs operate under restrictions under Alternative Participation Agreements (APAs). We have had 21 APAs rescinded since October 2010. The number of QPDs withdrawing from the program has gone from 17 in March 2011 to five in July 2012. There have been five QPDs that previously filed to withdraw to be reinstated in the program since January 2011. There continues to be a slight improvement in rankings since

December 2010, which appears to indicate that the financial conditions of the QPDs are getting better. Those QPDs pledged at 50 percent have stayed steady at 102 in July 2012. One of those QPDs actually moved to the 25 percent pledge level where we now have a total of four. During the same period there was a decrease of five QPD pledged at 125 percent for a total of 41. We approved two new QPDs in April 2012, while there are five QPDs currently withdrawing from the program. As of July 2012, we have not had a failure this calendar year. The “Watch List” of banks that receive greater scrutiny has gone from a high of 114 in July 2010 to 97 in March 2012 down to 87 in July 2012.

Total assets held by the Bureau have experienced their usual spring decline with the majority of property tax monies leaving the public depositories. January’s total balances for all pledged assets have gone from \$14.875 billion to \$12.296 billion in June. The assets pledged for the Qualified Public Deposit Program represent deposits of \$13.237 billion in January 2012 which have declined to \$10.677 billion in June 2012. Currently, there is \$21.809 billion in gross Public Deposits, \$14.475 billion in Net Deposits after applicable Federal Deposit Insurance Corporation insurance, protected by \$10.652 billion in collateral. There is a \$1.827 billion surplus from the Minimum Required Collateral Requirement for all deposits.

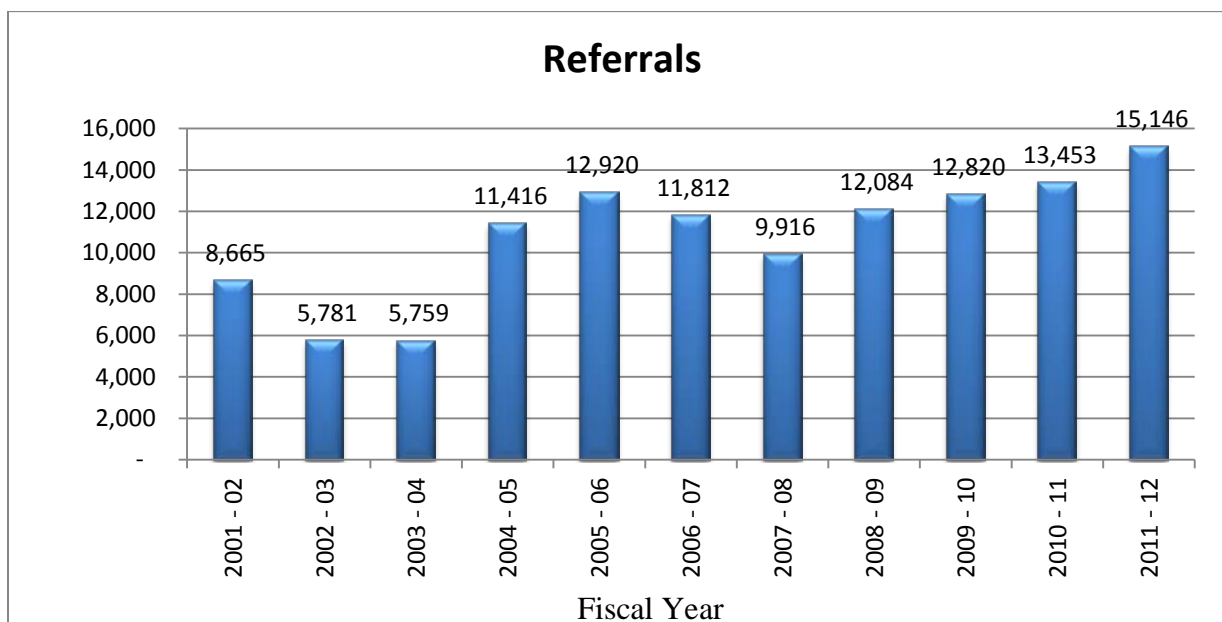
## FRAUD

**Goal 2: The Department will protect the health, safety and welfare of the public.**

**Division of Insurance Fraud.** Section 626.989, Florida Statutes, directs the Division of Insurance Fraud (DIF) to investigate and establish 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 (CAIF), a national alliance of consumer groups, insurance companies and government agencies, recognizes Florida's Division of Insurance Fraud as a national leader in the fight against insurance fraud, continuously ranking in the top of all benchmark standards set by the CAIF. During Fiscal Year 2011-12, the Division of Insurance Fraud made 1,226 arrests (includes arrests in which the Division assisted other agencies); presented 1,242 cases for prosecution, and cleared 842 cases by convictions. The Division received 15,146 referrals during Fiscal Year 2011-12.

When taking into account court-ordered victim restitution, the Division generates restitution to insurance fraud victims in excess of its budget on an annual basis. For the Fiscal Year 2011-12, the Division's budget was \$16 million. In contrast, the Division requested \$47 million and secured \$42.6 million in court ordered restitution, accounting for no less than \$2.66 in restitution dollars returned on every dollar spent funding the Division. There was continued success in securing restitution despite the concentration on working Personal Injury Protection (PIP) fraud cases. PIP fraud generally accounts for less available restitution than other forms of insurance fraud.

The Division has experienced continued growth in the number of insurance fraud related referrals over a ten year span; between Fiscal Year 2001-02 and 2011-12, referrals increased 74.8 percent (*Figure 1-DIF*) and (*Figure 2-DIF*).



*Figure 1-DIF: Referrals. Number of reported insurance fraud referrals received between FY 2001-02 and FY 2011-12. The Division experienced a 74.8 percent increase during the ten year period: from 8,665 referrals received in FY 2001-02 to 15,146 received in FY 2011-12.*

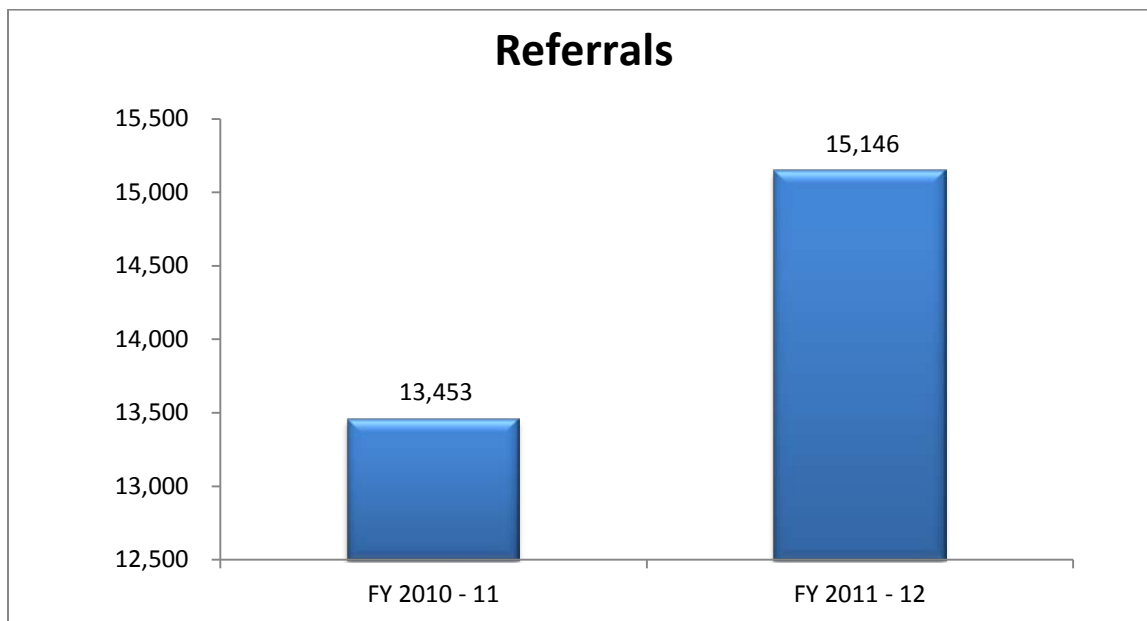


Figure 2-DIF: Referrals. Referrals increased by 12.6 percent between FY 2010-11 and FY 2011-12.

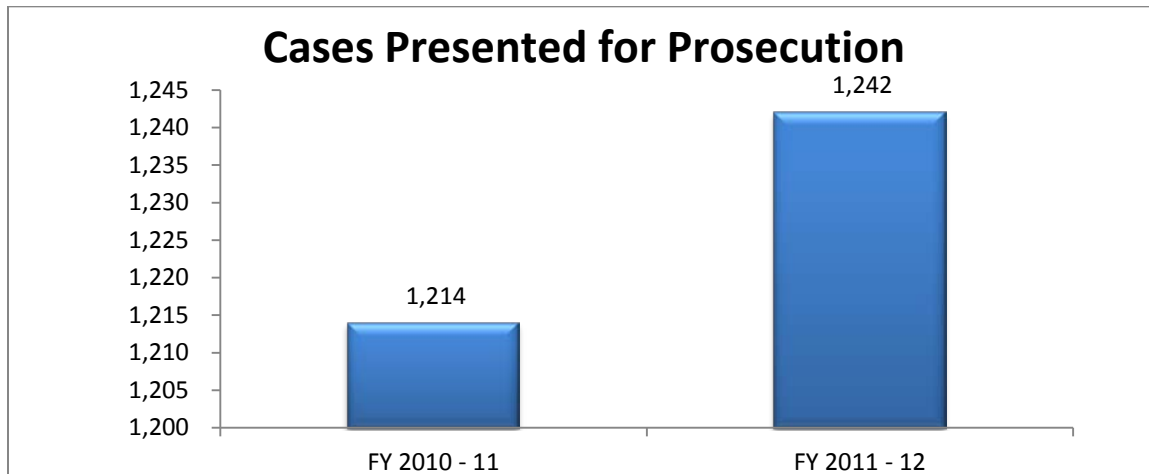
The Division continues to see increases in the number of convictions, which have increased by 83.8 percent over the past ten years (Figure 3-DIF). Legislation mandating prison terms for those convicted of certain insurance fraud related offenses is certainly a contributing factor, wherein defendants are increasingly willing to plea bargain.



Figure 3-DIF: Convictions. Convictions have increased by 83.8 percent over the past ten years.

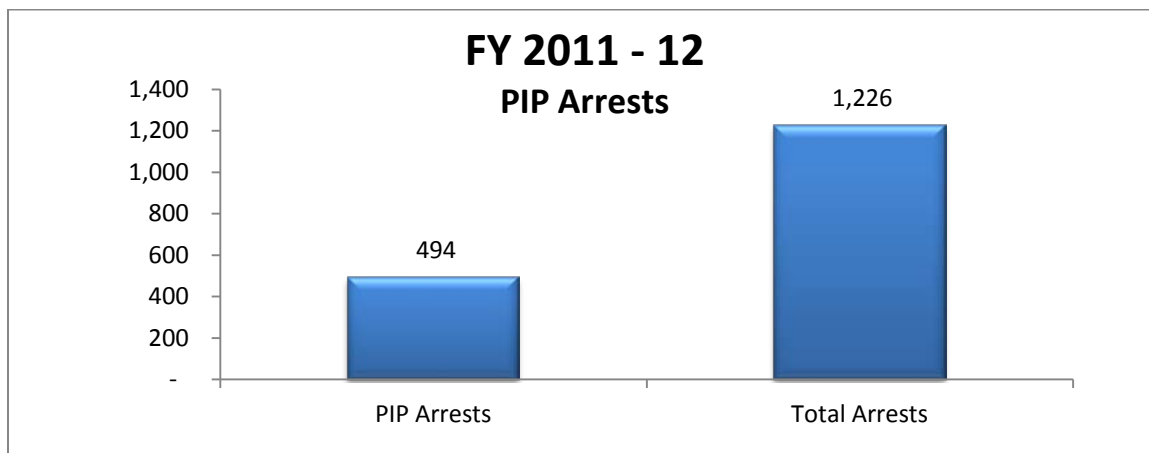
The addition of dedicated prosecutors and funding in Tampa and Miami undoubtedly contributed to a strong year in convictions in Fiscal Year 2011-12. Convictions usually lag behind arrests and because of the record breaking number of arrests in Fiscal Year 2011-12 (particularly in the

second half of the year) a significant increase in convictions is expected for Fiscal Year 2012-13. The Division made 702 of the 1,226 arrests in the last five months of the fiscal year. Cases presented for prosecution increased slightly from 1,214 in Fiscal Year 2010-11 to 1,242 in Fiscal Year 2011-12, a 2.3 percent increase (*Figure 4-DIF*). It is significant to note that the arrest to presentation ratio was extremely high in Fiscal Year 2011-12. There were 1,226 arrests to 1,242 presentations or 98.8 percent, which reflects the increased quality of presentations that were made. In the last five months of the fiscal year, 679 presentations were made.



*Figure 4-DIF: Cases Presented for Prosecution*

The Division averaged more arrests per average number of detectives on board than it ever has in Fiscal Year 2011-12. Physical and electronic 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. Over 40 percent of the arrests made by Division detectives during Fiscal Year 2011-12 were the result of Personal Injury Protection (PIP) fraud cases. It appears the use of surveillance in such complex cases has contributed to the Division's success (*Figure 5-DIF*). PIP arrests increased 39.9 percent from 353 to 494 from Fiscal Year 2010-11 to Fiscal Year 2011-12. In the last five months of the fiscal year, 280 PIP arrests were made(*Figure 6-DIF*).



*Figure 5-DIF: FY 2011-12 PIP Arrests. PIP arrests compared to all arrests for FY 2011-12.*

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

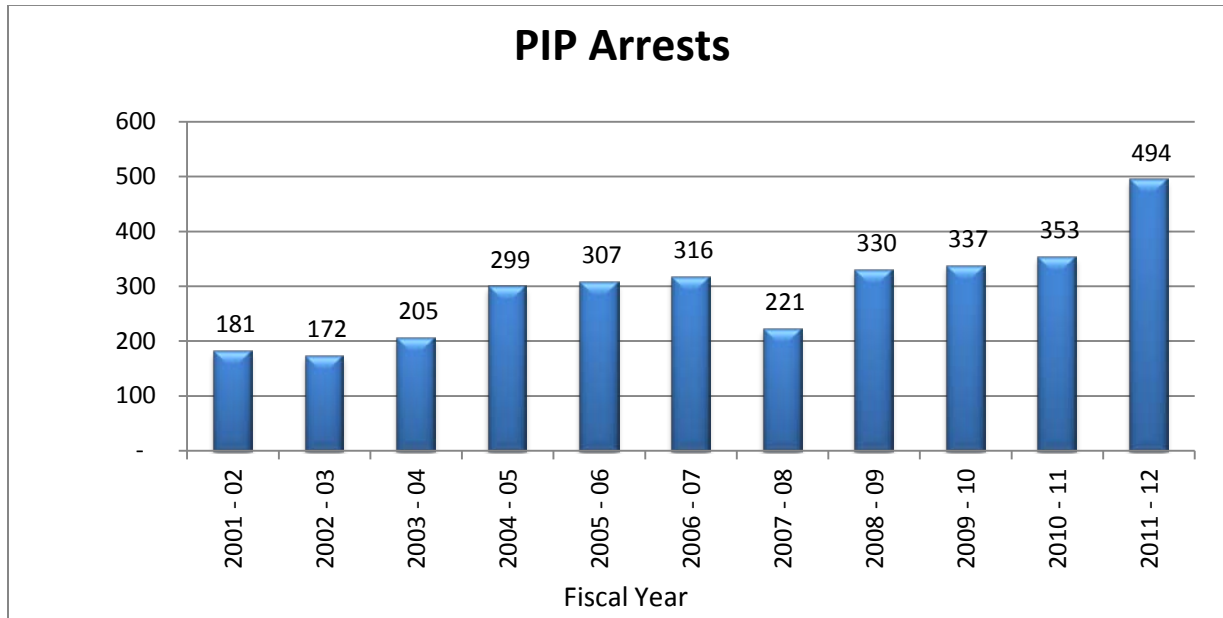


Figure 6-DIF: PIP Arrests. PIP Arrests increased 172 percent from FY 2001-02 to FY 2011-12

Workers' Compensation fraud continues to be a problem in Florida, accounting for 22.4 percent of the Division's arrests (Figure 7-DIF) and (Figure 8-DIF). The Division plays an active role in the Florida Workers' Compensation Task Force to stay abreast of emerging issues. The Division averaged more workers' compensation arrests per detective assigned to the Workers' Compensation Bureau than it ever has.

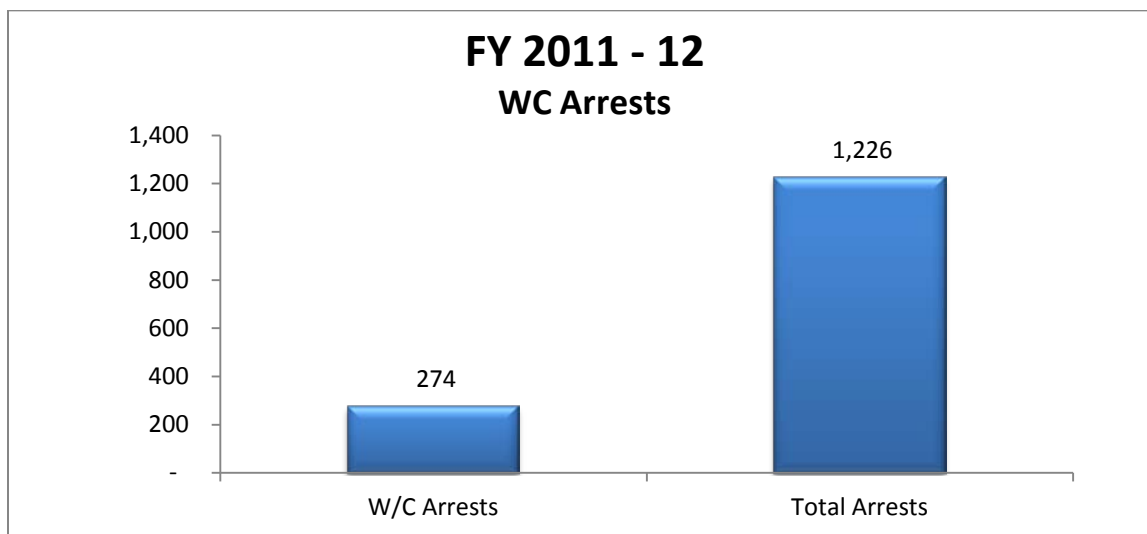


Figure 7-DIF: FY 2011-12 WC Arrests. WC arrests compared to all arrests for FY 2011-12.

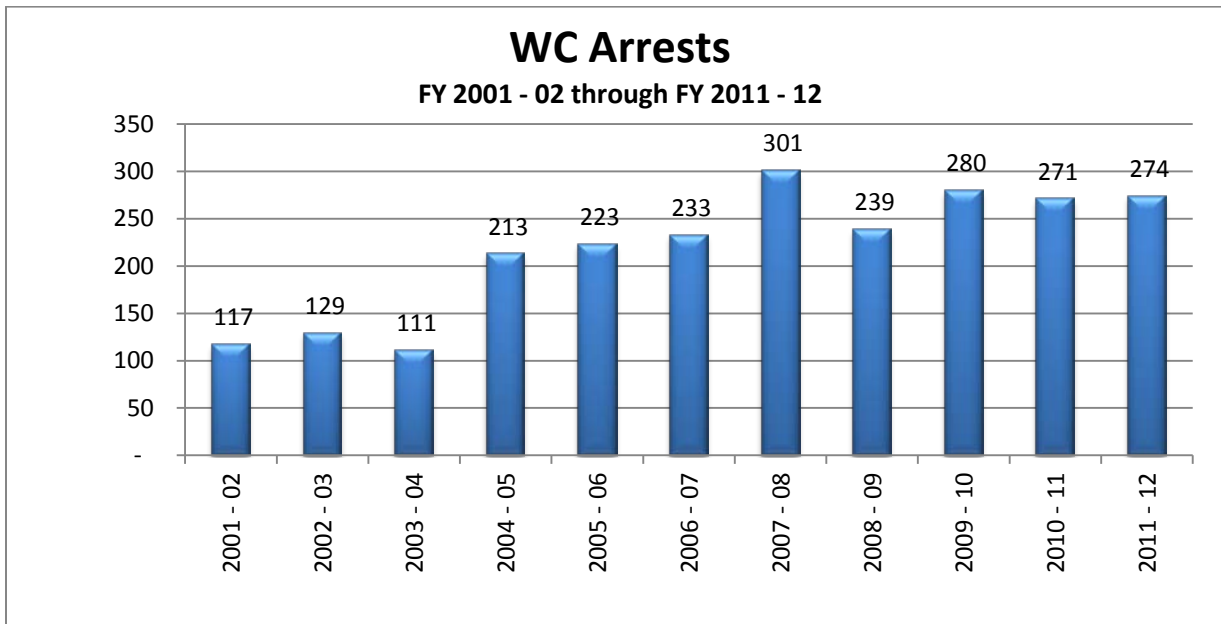


Figure 8-DIF: WC Arrests FY 201-02 – FY 2011-12. WC Arrests increased 233 percent from FY 2001-02 to FY 2011-12

Overall arrests increased 74.9 percent over the last ten year period with Fiscal Year 2011-12 being a record setting year with 1,226 arrests (Figure 9-DIF). The increase in arrest productivity in Fiscal Year 2011-12 from the previous year can be attributed to new Division leadership who inspired increased motivation with the field investigators and held the field managers to higher levels of accountability.

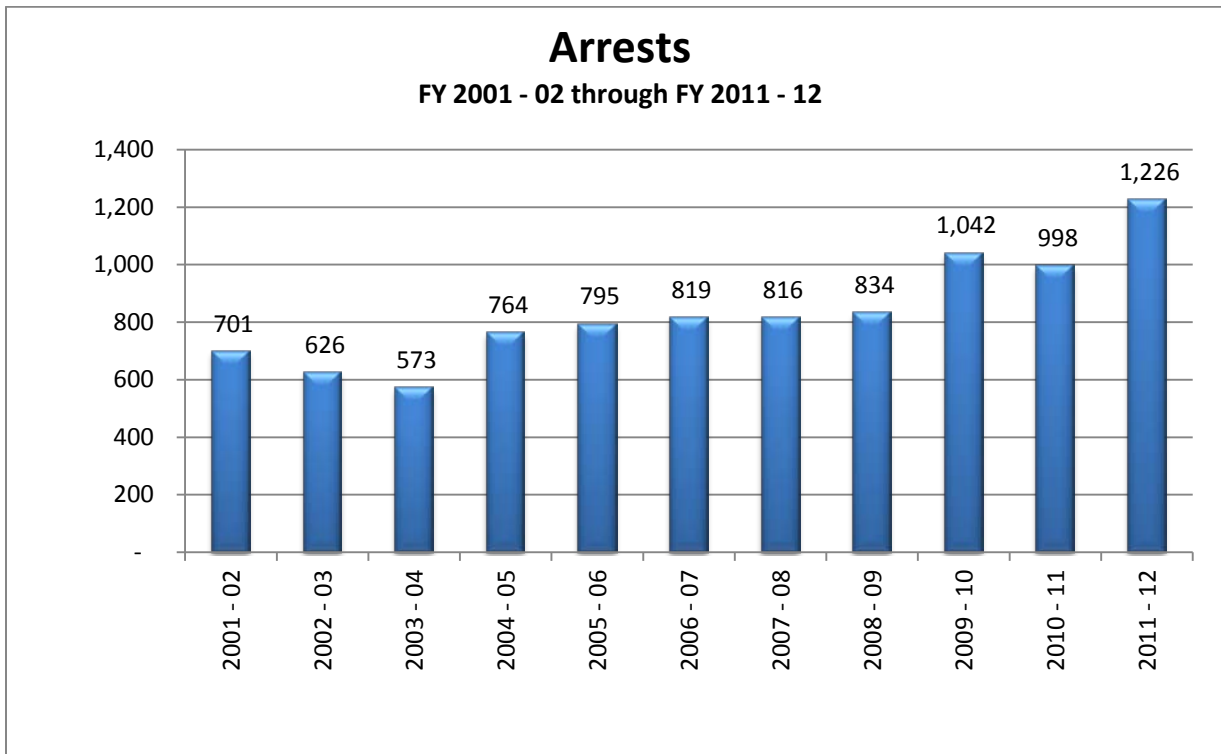


Figure 9-DIF: Arrests FY 2001-02 – FY 2011-12. Arrests increased 74.9 percent from FY 2001-02 to FY 2010-11.



Fiscal Year 2011-12 was a very busy and productive year for the Division of Insurance Fraud. The Division exceeded all performance expectations for the agency in Fiscal Year 2011-12. Referrals increased by 13.3 percent, thus increasing the caseload. Despite an increased caseload, arrests increased over 22 percent.

The of Division Insurance Fraud continues to establish working relationships with sister law enforcement agencies. The rapport built with the Florida Highway Patrol and the Broward County Sheriff's Office is beginning to yield successful arrests of key players in entrenched organizations designed with the sole purpose of defrauding insurance companies as well as Florida residents. Communication is opened and expanded to work with other county sheriff's offices, with the intent of having cooperative efforts in all 67 counties.

A concentrated effort is ongoing to work with prosecutors to educate and train in the fraud which is rapidly growing in money service businesses, personal injury protection insurance, and general insurance. In return the Division's sworn staff is learning how better to present their cases for more successful prosecutions. This creates a higher level of credibility between these segments of law enforcement. Together, with the cultivating of relationships with other law enforcement agencies, and establishing a higher level of credibility with prosecutorial units within the court system, these efforts will result in greater, future successes in the fight against insurance fraud.

***Division of State Fire Marshall, 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 or explosions, and the reports relative to explosions or explosive devices and other law enforcement activities, required by sections 633.03 and 552.113, Florida Statutes. BFAI is also a member of the State Emergency Response Team; responding to natural and manmade disasters statewide (Chapter 252, Florida Statutes). In addition, BFAI is an active member of the seven Florida Regional Domestic Security Task Forces (section 943.0312, Florida Statutes).

The Bureau continues to maintain an arson arrest trend above the national average, currently reported by the FBI Uniform Crime Report as 16 percent (*Figure 1-BFAI*). In part, this may be a result of detectives responding to fire scenes that have been preliminarily investigated by local fire personnel as a result of the implementation of Rule 69A-61.001, Florida Administrative Code. This rule requires the local fire department or law enforcement agency to conduct a preliminary fire cause investigation prior to requesting assistance from the State Fire Marshal. However, 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. Thus far, two major fire departments have discontinued investigative services and we anticipate that other fire service and law enforcement agencies may eliminate their arson investigation units and will refer these investigations to the Bureau directly. At this time, we are addressing the increased case load experienced in these areas by reallocating personnel and redistributing cases at the local level. The Bureau remains dedicated to ensuring a complete and professional origin and cause investigation is completed.

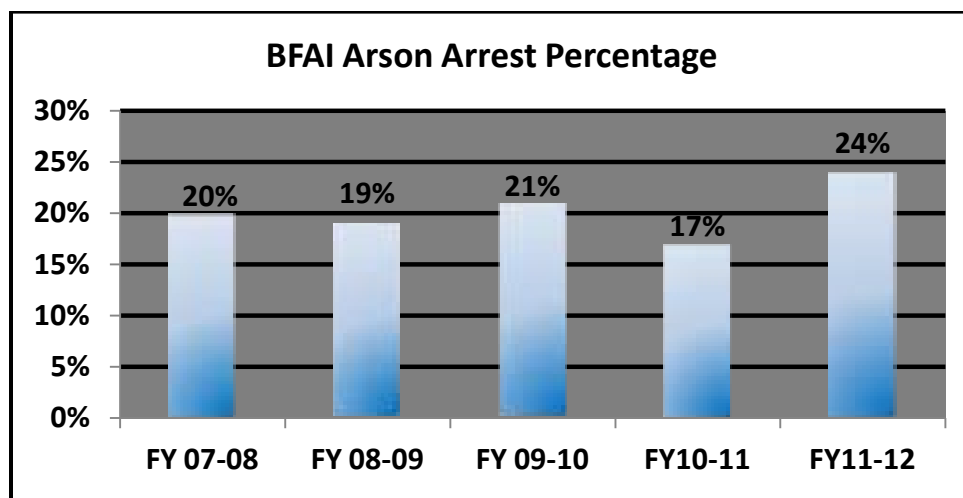


Figure 1-BFAI: BFAI Arson Arrest Percentage

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. Thirty-five to 45 percent of the fires or explosions investigated by this agency are determined to be arson fires. Over the past five years, an average of nearly 20 percent of these fire cases were cleared by arrest. Many conditions have an impact on the crime of arson or explosions and their investigation.

**Economic** - As economic trends move downward, it has been reported on a national level, that some desperate individuals respond to the financial pressure by using fire to destroy property to gain insurance pay-outs. The Florida Association of Realtors has stated that home prices in Florida have remained relatively stagnant, after falling sharply between 2008 and 2011. Home foreclosures continue to increase. The Division of the State Fire Marshal remains concerned that weak home prices and increasing foreclosures may 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. The Bureau’s Explosive Ordinance Disposal (EOD) unit remains one of the busiest among other state police EOD units. These callouts included render safe operations of suspicious items, disposal of abandoned explosives and hazardous

materials, dignitary protection, and other agency assistance. The unit members routinely are required to provide bomb-related protection at large spectator venues such as sporting events and other highly populated venues. The Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms and Explosives have reported Florida as being in the nation's top 10 for explosive events.

***Division of State Fire Marshal, Bureau of Fire Prevention.*** The Bureau of Fire Prevention administers the following compliance and enforcement services of the division under section 633.085, Florida Statutes:

- 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
- inspecting high and low pressure boilers in places of public assembly, and
- licensing and regulating 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. 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. In Fiscal Year 2011-12, over 17,000 high hazard, recurring, and construction building inspections were conducted.

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 fire safety programs, including the area of Kindergarten through 12<sup>th</sup> grade school inspections, the State Fire Marshal is statutorily required to assist with these inspections.

The boiler safety program has made a conservative effort to ensure deputy boiler inspectors conduct inspections on uninsured boilers throughout the state. Boiler insurance companies are required by section 554.109 (1), Florida Statutes, to inspect boilers they insure. These efforts have significantly decreased the number of boilers tasked for state inspections throughout the state. This effort has freed up state resources to conduct code compliance activities and public outreach among other activities.

In addition, technology enhancements to the Boiler Safety Program 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. Efforts continue to reduce storage space in other areas using this technology. Access to the updated database has significantly improved communications between the regional offices' staff and the bureau. This solution is fully web-based and permits the receipt of fees, electronic invoicing, and electronic access to inspection reports minimizing the need for US Mail distribution. Electronic transmission of construction documents significantly reduces the time required for decision-making, as well as improving access to data necessary for field review.

***Division of Public Assistance Fraud.*** The mission of the Division of Public Assistance Fraud (PAF) is to investigate fraud and abuse in the Florida administered public assistance programs. Section 414.411, Florida Statutes, provides the Department of Financial Services authority for the PAF Division to conduct these investigations. On the state level we partner with the departments of Children and Families and Health, and the agencies for Health Care Administration, and Workforce Innovation. On the Federal level we partner with the departments of Health and Human Services, and Agriculture-Food and Nutrition Service and Rural Housing Service, and with the Social Security Administration. The PAF Division investigates recipient fraud in the following programs.

- Cash Assistance Program (Temporary Assistance for Needy Families/TANF)
- Supplemental Nutritional Assistance Program/SNAP (previously referred to as Food Stamps)
- Disaster Assistance Program/Emergency SNAP benefits
- United States Department of Agriculture subsidized Child Care Food Program
- Trafficking Investigations in the SNAP Program
- Medicaid Program
- Kid Care Program (Medicaid Program Funds)
- Prescription Drug Diversion (Medicaid Program Funds)
- School Readiness Program
- Voluntary Pre-K Program
- Emergency Financial Assistance for Housing
- Low Income Energy Assistance
- Cooperative Disability Investigations (Social Security Disability, SNAP and Medicaid Program Eligibility)

Successful investigations are referred to the Office of the State Attorney for criminal prosecution or the Department of Children and Families (DCF) for Administrative Disqualification Hearings. Public Assistance Fraud is a third degree felony if the aggregate value of benefit dollars lost exceeds \$200 within a consecutive 12-month period.

The areas of investigative activity for the PAF Division unit include:

- program recipient investigations (eligibility fraud)
- trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores)
- day care services providers
- Department of Children and Families ACCESS Program employee fraud
- prescription drug diversion

The Public Assistance Fraud Division unit works in a non-sworn capacity and receives referrals for investigation from various State agencies and from citizen complaints. In addition, we self generate additional assignments through data analysis and computer matching.

### **State Law Enforcement Bureau (SLEB)**

In 1998, the PAF Division was designated as the SLEB or State Law Enforcement Bureau for Electronic Benefit Transfer (EBT) Trafficking Investigations by the United States Department of

Agriculture. As the SLEB we are the state authority that issues and controls the use of undercover EBT access cards and support the investigation of trafficking in the Food Stamp program by federal, state, and local law enforcement agencies. PAF is also heavily involved in trafficking investigations, as well.

***Division of State Fire Marshal, Bureau of Forensic Fire and Explosives Analysis.*** The Bureau of Forensic Fire and Explosives Analysis (BFFEA) is the *only* state crime laboratory performing forensic analysis of fire and explosion crime scene evidence. For the past five fiscal years the number of items submitted for processing has averaged 13,798.6. In Fiscal Year 2011-12, the Bureau processed 15,325 items, which was 1,526 items more than the five year average. This was an anomaly.

The total number of items submitted for chemical analysis has remained relatively consistent over the past five fiscal years. However, an examination of each type of service request category shows changes in requests and submissions. The number of fire debris samples and their associated Quality Assurance and Quality Control (QA/QC) show a steady drop over the past five fiscal years. In Fiscal Year 2007-08 the number of fire debris samples and QA/QC samples were 4,756 and 4,008, respectively. Fiscal Year 2011-12 saw a drop in fire debris samples to 3,808 (down 948 samples or 19.9 percent). Further, there was a drop in associated QA/QC to 3,255 (down 753 or 18.78 percent).

The numbers of explosives/chemical analyses have shown an increase in requests over the same five years. In Fiscal Year 2007-08 the number of explosive/chemical analyses was 1,979 and by Fiscal Year 2011-12 it had increased to 3,645 (up 1,666 or 84.2 percent). The numbers of digital image, video, and records requests have shown an increase over the same five years. The number of digital image case, video, and records request submissions rose from 2,621 in Fiscal Year 2007-08 to 4,617 in Fiscal Year 2011-12 (up 1,996 or 76.2 percent).

The workload of BFFEA is directly dependent on the number of requests for analysis or processing submitted by its customers in law enforcement and the fire service. While the general five year trend shows an overall increase in workload, the immediate past fiscal year saw a larger than expected increase in the number of digital image requests submitted for processing. For chemical analyses, the immediate past fiscal year did not see as significant an increase. The reason for this is unclear.

The increase in the number of explosives/chemical analyses has been directly influenced by the number of requests to identify ignitable liquids and other hazardous chemicals (oxidizers, acids, bases, salts, etc.) from clandestine methamphetamine laboratories (Clan Labs). Clan Labs are dangerous not only for the presence of drugs and toxins, but for chemicals which make the scene a fire and explosion hazard. BFFEA has seen an increase in the number of submissions by Sheriff's Offices and area Drug Task Forces when they either raid a working Clan Lab or arrest a suspect who has possession of the chemicals prior to setting up the lab. Identification of these chemicals is essential for securing convictions of illegal drug manufacturers and removing a fire, explosion, and toxic hazard from communities. In Fiscal Year 2011-12, 85.7 percent of the 3,645 explosives/chemical analyses were directly related to Clan Lab investigations. Because the BFFEA has the only State of Florida forensic laboratory with the experience, instrumentation, and accreditation to perform these analyses, this trend is expected to continue to increase.

Other potential trends are attributable to the economic problems experienced throughout the state. The five Sheriff's/Regional Laboratories (Broward, Indian River, Metro-Dade, Pinellas, and Palm Beach counties) are in the process of considering reduction or elimination of various services that can be redirected to the state forensic laboratories. Broward County Laboratory eliminated the portion of its trace section analyzing fire debris and explosives in Fiscal Year 2010-11 and the BFFEA has seen samples and submitters from that county. The impact is currently small, but could be drastically increased if the larger counties redirect their service focus, as well.

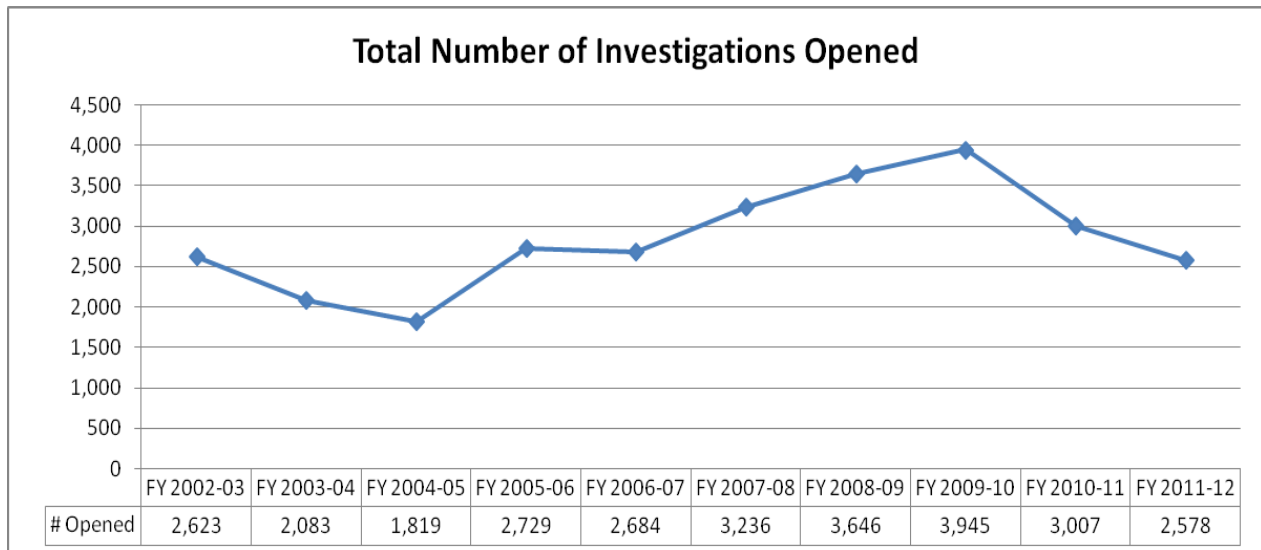
The effect of the economy on local governments, will most likely negatively impact the BFFEA as counties depend more and more on state assistance. If this negative trend continues, the Bureau may need additional resources. As a result of budget reductions, the Bureau lost positions over the past few years. The challenge in the future will be to balance workload with the appropriate resources to provide quality and timely service. On a positive note, the Bureau currently receives federal grant funds from the Paul Coverdell Forensic Science Improvement grant. For Fiscal Year 2012-13 these funds will allow up to \$32,000 in reimbursements for expenditures allowable through the grant (training, travel, supplies, and accreditation costs). This source of offset funding is not guaranteed to continue as there are discussions in Congress on the elimination or reduction of the available funds.

Even with the loss of positions and reductions allotments, the Bureau's ability to serve its customers by returning the casework in a short turnaround continues to be exceptional. A low turnaround allows investigators to have forensic results while the case investigation is active. The results can help guide the investigation and in questioning suspects and witnesses. The average turnaround time for the period of Fiscal Year 2007-08 to Fiscal Year 2011-12 was 7.4 days. The average for Fiscal Year 2011-12 alone was 6.8 days or 0.6 days under the five year average.

Scientific, accreditation and forensic requirements for laboratories continually increase. These require upgrades and updates to laboratory processes, procedures, personnel, and equipment. Current requirements for maintenance of accreditation increase the number of audits, procedures, and controls over evidence. This increases the time that Bureau staff must spend in these endeavors away from some of their technical and analytical duties. The exact long term affects caused by increased accreditation and administrative requirements are unknown. Potentially the staff may be able to absorb these requirements without any difficulties; however, other forensic laboratories under similar circumstances have reported general increase in turnaround.

***Division of Agent and Agency Services, Bureau of Investigation.*** In Fiscal Year 2011-12, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 2,578 opened investigations and 2,582 completed investigations (*Figure 1 – AAS*). Fiscal Year 2011-12 is the second year the number of investigations opened declined by more than 14 percent.

These investigations were conducted by 43 investigators located in Tallahassee and nine field offices throughout the state. More than 500 investigations resulted in formal disciplinary action, such as license suspension, revocation, probation, restitution, and administrative fines and costs. Also, 292 of the cases completed contained evidence of criminal activity and were referred to the Division of Insurance Fraud.



*Figure 1 – AAS: Total Number of Investigations Opened*

From Fiscal Year 2009-10 to Fiscal Year 2010-11, the largest decrease in investigations was related to a decline of 601 title surcharge cases. This was a result of the Bureau taking a proactive approach by reaching out to those who failed to pay their surcharge, before opening an investigation. The downturn in the real estate market also caused many title agencies to cancel their license.

From Fiscal Year 2010-11 to Fiscal Year 2011-12, the largest decrease in investigations was related to a significant reduction in the number of referrals received from various sources. During Fiscal Year 2011-12, the Division of Consumer Services referred 441 complaints, a 45 percent reduction from the prior year.

Downturns in the economy generally result in increased investigations involving misappropriation, theft of premiums, or other funds entrusted to licensees. Since Fiscal Year 2009-10, this has proven true. While the overall number of investigations decreased, the percentage of investigations involving misappropriation increased (*Figure 2 – AAS*). There has also been an increase in fraudulent insurance policy applications by licensees for the purpose of securing easy commissions. A majority of the Bureau’s referrals to the Division of Fraud involved these two issues. The Bureau expects misappropriation and fraudulent practice cases will remain a concern for the foreseeable future.

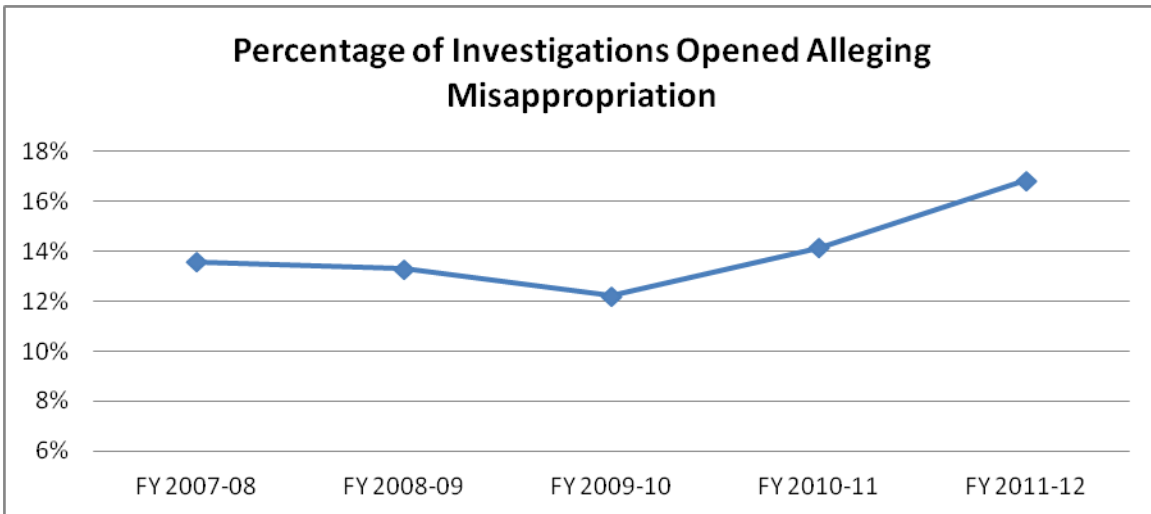


Figure 2 – AAS: Percentage of Investigations Opened Alleging Misappropriation

Given Florida’s large senior population, special attention is given to ensure the conduct of licensees does not harm them. Many of the complaints filed by seniors pertain to the purchase of annuities (*Figure 3 – AAS*). During the past four years, a concerted effort has been made to strengthen laws to better protect seniors. Stronger laws, increased screening by insurance companies, and a nationwide effort by the National Association of Insurance Commissioners (NAIC) have resulted in decreasing senior annuity investigations.

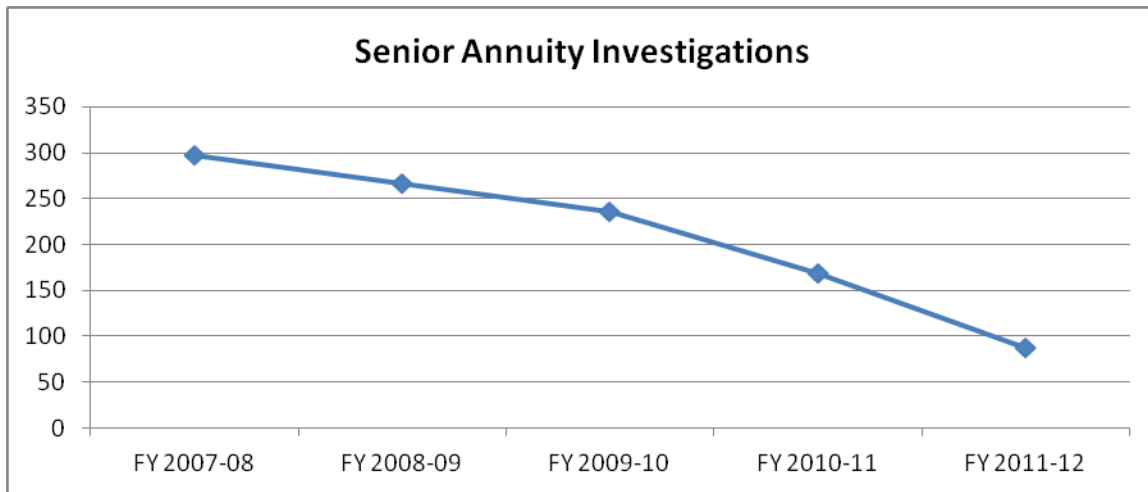


Figure 3 – AAS: Senior Annuity Investigations

To further ensure compliance with Florida Laws and protect consumers, the Bureau is taking a pro-active investigative approach by data mining criminal court records of licensees, increasing follow-up compliance investigations, and monitoring denials issued by the Bureau of Licensing. It is expected these efforts will result in a more secure insurance purchasing environment.



***Division of Workers' Compensation.*** The 2012 Legislative Session was the most active session for workers' compensation issues since 2003. Two law changes have greatly impacted the Division of Workers' Compensation. In addition to these changes, the Division absorbed another round of position eliminations. Sixty-four positions were eliminated due to budget reductions during the last four fiscal years.

Two changes to the law impacting the Division include modification of the workers' compensation exemption eligibility requirements (section 440.05, Florida Statutes) and the transfer of the administration of reemployment services, training, and education for injured workers from the Department of Education (DOE) to the Division (section 440.491, Florida Statutes).

Effective July 1, 2012, the requirement that an exemption application must be notarized was replaced with a requirement to list the applicant's Florida Driver's License Number or Identification Number. This process change provides the following benefits to the Division and the applicants:

- allows exemption applications to be completed electronically and submitted via an on-line application system.
- streamlines the application submission process.
- reduces the errors submitted on the application.
- decreases the amount of time to process an application.
- reduced costs to the Division through elimination of eight positions.

The Division does expect the number of exemption applications to dramatically increase in future years. All non-construction exemptions filed on, or after January 1, 2013, will be effective for a two-year period, and therefore, are required to be renewed every two years. Construction industry exemptions already have a two-year effective period. Effective July 1, 2013, a member of a non-construction limited liability company will be considered as an employee, but will be eligible to file for an exemption.

Also effective July 1, 2012, is the responsibility to provide reemployment services, vocational evaluations, and training and education to injured workers. The DOE administered the reemployment services program with 27 employees, which the Legislature eliminated. The Legislature appropriated only five positions and \$350,000 in recurring funds to the Division to administer the program. The Division issued a solicitation to contract with a vendor or vendors to provide reemployment services and vocational evaluations and plans to award the contract in late September 2012. The Division will be responsible for determining and assigning the specific type of service to be provided by the vendor and the number of hours the vendor is allowed to provide the service.

The Bureau of Compliance Investigative Unit continues to leverage internal and external data sources to better identify suspected non-compliant employers. The Bureau is using internal policy cancellation data, Department of Revenue data, and building permit data to develop targeted referrals for its investigators. The Stop-Work Order results from these referrals have been very successful.

In Fiscal Year 2011-12 the number of health care provider disputes filed by practitioners rose 872 percent over the prior fiscal year from 1,308 to 12,718. Disputes over repackaged drugs dispensed by practitioners were the primary cause for this increase. The increase in the number

of disputes filed with the Division has resulted in the average number of days to resolve a dispute to increase from 25 days to 42 days. The number of filed disputes has leveled off to approximately 600 per month. This is still well above the historical monthly average of 255 prior to the tsunami of repackaged drug disputes that were filed between November 2011 and May 2012. Six staff members are currently assigned to resolve the disputes and issue determinations.

The Division merged the Assessments Unit, the Special Disability Trust Fund, the Financial Accountability Section within the Bureau of Compliance, and the Self-Insurance Section within the Bureau of Monitoring and Audit together and created the Bureau of Financial Accountability and Internal Controls. This new organizational structure places all of the Division's core financial responsibilities into one functional unit and formalizes our process for monitoring and evaluating internal controls across the Division's programmatic areas.

***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 criminal and disciplinary background checks, in addition to ensuring 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 1,300 licensees must have their facilities inspected every year by Division staff. Over 500 licensees must maintain trust accounts regarding preneed sales and/or 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, including emergency action when warranted. 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 positions. However, due to funding limitations, the Division has never been able to fill more than 25 of those positions and due to 2010 legislative budget reductions staffing was further reduced to 23. 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 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 the Department, the Division does not make the final regulatory decisions in most cases. Instead, the Division does the ground work and presents the results and recommendations to the state Board of Funeral, Cemetery, and Consumer Services, for its decisions. Under the Chapter 497, Florida Statutes, regulatory scheme, the Division and the board are partners in the regulatory process. The requirement that all applications for licensure go through the board,

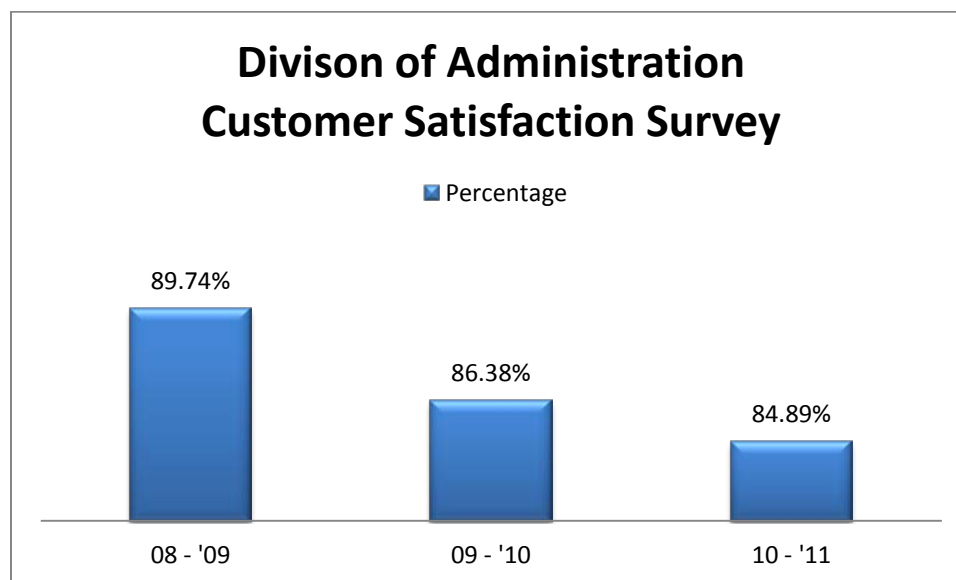
combined with the fact that the board meets once a month, presents a recurring challenge to the Division in dealing with applicants who want their license applications ruled on as quickly as possible.

***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.

## CUSTOMER DRIVEN VALUE CREATION

**Goal 3: The Department will actively engage, listen to and strive to satisfy our customers.**

**Division of Administration.** The Division provides its customers an opportunity annually to provide feedback regarding services received from the Division. A customer satisfaction survey is distributed Department wide. The survey is voluntary, anonymous and addresses all areas of the Division. The results are analyzed and as a result of the analysis action items are incorporated into the Division's annual strategic plan (*Figure 1 – ADM*). The results for the last three fiscal years are reflected in the chart below:



*Figure 1 – ADM: Division of Administration Customer Satisfaction Survey*

The Division is in the process of increasing its' external educational opportunities related to specified business processes. These new educational opportunities are designed specifically for the user of our services with the goal of increasing overall customer satisfaction. This fiscal year the Division will target an Employee Relations Tutorial, MyFloridaMarketPlace Training, Formal Solicitation Training, Contract Administration Training, and Classification Training.

**Division of Administration, Office of Publications.** The Office of Publications provides administrative services and support to the Department, OFR, and OIR. The purpose of the Office of Publications is to serve as a resource, facilitator and service provider for internal as well as external communications. The primary program responsibilities of the Office include providing video and audio services, photography, graphic design, web design, social media, writing, editing and comprehensive media support services. The Office of Publications is dedicated to excellence in the Department's internal and external communications, maintaining the highest quality standards in writing, design and production, with a clearly recognizable brand. Last fiscal year the Office completed 518 writer/designer projects, 167 photography projects, 270 video projects, and 304 web-based projects.

**Division of Accounting and Auditing, Bureau of Unclaimed Property.** Currently, the Chief Financial Officer holds unclaimed property accounts valued at more than \$1 billion. These are 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 at no cost to those who claim their property. No statute of limitations applies to claims and owners can claim their property at any time.

For businesses holding unclaimed property and for individuals who may have unclaimed property to claim, the Bureau seeks to increase public awareness of the law (Chapter 717, Florida Statutes). 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. The Bureau continually works to improve efficiencies in receiving unclaimed property from holders, and in returning the funds to rightful owners.

***Division of Consumer Services.*** The Division's mission is to proactively educate and assist Florida's insurance and financial consumers through responsive, professional, and innovative service.

During the past twelve months the Division assisted nearly 400,000 Floridians. Assistance is provided primarily through the statewide consumer assistance toll free helpline, the Division's website, email, and direct mail correspondence. The Division also provides call center services to the divisions of Agent and Agency Services, Rehabilitation and Liquidation, and Insurance Fraud, as well as the Bureau of Unclaimed Property. Approximately 62 percent of the calls handled by Consumer Services are for the departmental organizations.

The Division of Consumer Services provides individualized service to each consumer calling into the Helpline. It has established a standard of answering incoming calls within four minutes or less to minimize consumer hold times. This standard is used to measure its quality of service to the consumer. Although the Division makes every effort to see that this measure is met, there are situations that may occur, such as a natural disaster, which could drive call volume up beyond the Division's ability to meet the standard.

Emphasis continues to be placed on the consumers and promoting the philosophy of quality service. Efforts continue in the refinement of initiatives to streamline consumer-based services such as the Company Complaint Response System (CCRS) and Online Helpline. Although the system was installed in 2010, the Division continues to review and refine the CCRS process to improve lines of communication between the Division and the insurance companies. The overall goal is to provide prompt service so that information can be received from the company and provided to the consumer to quickly resolve insurance issues submitted to the Division. The Division's Online Helpline system allows consumers to file complaints from the Division's website. It was developed as a self-help process to allow consumer's access, 24 hours a day, without calling the statewide helpline.

To provide consumers a forum to provide feedback on service quality, the Division developed a customer survey program. The first survey was developed in 2004. Since then, the process has been improved and streamlined resulting in an increase in the number of responses received from consumers. Over 10,800 surveys were distributed from July 2011 to June 2012, resulting in an overall customer satisfaction rate of 78 percent.

Consumer Services also advocates on behalf of its consumers. The Division is responsible for reporting potential regulatory violations to the appropriate authorities. From July 2011 to June 2012, the Division sent 1,941 regulatory referrals to the Divisions of Agent and Agency Services and Insurance Fraud, and the Office of Insurance Regulation.

Monitoring these regulatory referrals allows the Division to identify trends or potential problems regarding specific insurance companies, agents, or agencies. In addition, the Division conducts a bi-weekly Emerging Issues meeting attended by the Division of Agent and Agency Services, the Consumer Advocate's Office, and the Office of Insurance Regulation to discuss new trends or potential problems that may impact Florida's insurance consumers. The Division is proactive in its commitment to consumers, using data analysis, consumer educational interaction, as well as, the promotion of policies and legislative actions to ensure Floridians receive the full benefit of their insurance contracts.

***Division of Treasury, Bureau of Deferred Compensation.*** The Bureau provides enrollment information, education and guidance regarding the availability of the state employee deferred compensation plan, its available investment options and their corresponding performance. The deferred compensation program (section 457(b), Internal Revenue Service Code) provides a way for employees to supplement retirement income by contributing to a variety of investment and bank products 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 products with varying degrees of risk and return that offer a variety of investment options ranging from guaranteed principal and interest to conservative to aggressive with minimal costs. The Bureau's objective is to assist state employees in achieving financial security in their retirement years.

Three trends have had a negative impact on Florida's Deferred Compensation Program. First, as baby boomers hit retirement age and government downsizes its workforce, the number of participants decrease, reducing the pool of available funds. Recently, as participants have left employment, they are approached by private investment firms and have been rolling their deferred compensation assets outside the program to these private firms. Second, when the economy trends downward, participants are likely to decrease or stop deferrals if they have increased living costs, loss of jobs or are wary of investing. Lastly, as participants are required to contribute to their state pension and experience an increase in their insurance costs, contributions and enrollments decline.

To address these concerns, the Bureau of Deferred Compensation is stepping up its marketing and educational efforts. The Bureau will encourage participants to increase their deferrals and for non-participants to enroll in order for employees to meet their financial retirement goals.

***Division of State Fire Marshal, Bureau of Fire Standards and Training.*** The Fire Standards and Training (BFST) is responsible for training and certification standards for all career and volunteer firefighters, fire inspectors, and fire instructors. It establishes standardized curricula for use by certified fire training centers, colleges, and other agencies throughout the state, and it operates the Florida State Fire College, which enrolls roughly 6,000 students in 297 classes annually.

The Bureau issues Certificates of Competency for fire officers, fire investigators, hazardous materials technicians, and other advanced and technical specialties. It conducts examinations for these certifications and certificates and maintains all required records.

The Bureau regulates, tests, and certifies approximately 55,000 firefighters in over 625 fire/rescue departments in Florida annually. Further, it provides curriculum and administrative support, and regulates 41 fire training centers providing state certified training. Further, the Bureau administers the Fire Safety Inspector Program.

The Florida State Fire College located near Ocala, is operated by the Bureau and provides extensive training for paid and volunteer firefighters (*Figure 1-BFST*). Since Fiscal Year 2001-02, the total number of exams administered steadily increased to a high of 10,096 in Fiscal Year 2006-07 and then began a steady decline to a low of 5,972 in Fiscal Year 2011-12. This is attributed to the reduction in the number of minimum standards (Firefighter II) exams administered because the economic situation has restricted the number of new hires. Also significant is an additional 18 percent increase in the number of retention examinations conducted in Fiscal Year 2011-12, an overall increase of 87 percent in two years. Retention exams are required of firefighters who have not been actively employed as a career or volunteer firefighter for a period of three years. This increase is attributed to the increasing number of firefighters are not employed, but who wish to maintain their certification.

<b>Fiscal Year</b>	<b>Total Exams</b>	<b>Firefighter II Exams</b>	<b>Retention Exams</b>
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
2009-10	8618	3270	159
2010-11	7112	2679	252
2011-12	5972	1952	297

*Figure 1-BFST: Ten-year Trend for Examinations Conducted by BFST*

*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.*

## **Health and Safety**

When the Florida 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 developing emergency rules and establishing the SFM as the regulatory authority. The Bureau is tasked with improving firefighter safety and health by reducing the incidence of firefighter accidents, occupational diseases, and fatalities. This is accomplished by working cooperatively with local firefighters, fire departments, and insurance underwriters and providing guidance, resources, investigation assistance and through an inspection program.

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, such as the use of protective equipment, equipment and gear maintenance, and physical fitness. However, the Bureau currently does not have the resources to collect and analyze the data needed to study preventive strategies. It is important to remember that many of the needed studies are complex and require specialized employees that are not easily obtainable using limited OPS or Contracting Services funding. Management is attempting to obtain a Safety position. That person would visit all fire departments to review records and assist in developing best practices. Currently, the three OPS positions have helped, but more qualified persons are needed to ensure appropriate outcomes.

In addition, there is movement to have workers' compensation records linked to firefighter records so that management can look for trends related to accidents and injuries.

## **Accreditation**

Prior to 2010, the Bureau had six programs accredited by the National Board on Professional Firefighter Qualifications ("Pro Board") and, in some cases far exceeded their minimum requirements. As of August 2011, the Bureau has 28 programs accredited by the National Board on Professional Firefighter Qualifications. The National Fire Protection Agency develops standards for firefighters in areas of fire inspector, driver operator, fire investigator, fire officer, etc. The accreditation shows that the programs developed by the fire college and associated tests are meeting national standards. We are attempting to add two to three new national certifications per year. In addition, the Florida Live Fire Training Program is being recommended for accreditation as the first such training program in the nation.

***Office of the Insurance Consumer Advocate.*** The Office of the Insurance Consumer Advocate (ICA) 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.

***Division of Rehabilitation and Liquidation.*** Chapter 631, Florida Statutes, requires the Department to serve as the court-appointed Receiver of financially impaired or insolvent insurance companies and to protect consumer interests. The Division of Rehabilitation & Liquidation works to improve all phases of its operation in an effort to manage receiverships in a manner that yields the maximum value to claimants and the public. The Receiver works with the Florida Guaranty Associations to transfer records in a timely matter, facilitate claims payments, perform biannual early access analysis and distributions which benefit all policyholders in the state, and provide efficient customer service by coordinating with the Department to handle service requests and website inquiries.

Based on a fifteen-year average workload, approximately four insurers are placed in receivership each year, primarily in the areas of life, health, and property and casualty insurance. During Fiscal Year 2011-12, the Department became receiver of five insurers – four property and casualty companies and one health maintenance organization.

The domestic insurance market in Florida historically has challenged insurance and reinsurance underwriters in almost every segment of business. Florida faces unpredictable natural disasters in addition to volatile underwriting and market conditions. The Division gains insight into the future trends and conditions affecting receiverships by looking at the history of the insolvencies our insurance market has encountered. The number of insurers entering receivership in any one year depends on factors that are outside the Division's control, such as insufficient reserving, inadequate pricing, improper management and fraud, natural disasters, inadequate capitalization, asset devaluation, reinsurance availability and affordability, and inappropriate transactions with affiliates.

Based on trends across all industry segments, the Division expects that insurers will be placed in receivership at or near the same rate of four per year over the next five years. Absent a catastrophic event in the property insurance market, no major increase in the number of receiverships is expected.

## TRANSPARENCY

***Goal 4: The Department will widely publish and promote access to its public information.***

***The Office of General Counsel, Public Records.*** Public record requests may be received in any division and, as a result, each division and unit in the Department has a Public Records Coordinator and a back up coordinator. Division coordinators track requests, either review and redact relevant records themselves or assign that function to other division employees, provide requesters with invoices for copying costs and other statutorily-authorized fees, and release records upon receipt of payment. Prior to September 2011, the Document Processing Section in the Division of Administration coordinated multi-divisional requests, worked with divisions to establish response times to public record requests and to establish performance measures based upon those response times.

In September 2011, the Document Processing Section was recreated as the Public Records Office (PRO) and was made a unit in the Office of the General Counsel. The Director of the PRO is an attorney who reports directly to the General Counsel. This change was made to provide greater oversight of the public records process, to improve Department compliance with public record requirements, and to provide employee training in public records requirements. The PRO is also involved in various projects that will improve agency transparency, such as the Florida Accountability Contract Tracking System or FACTS and the Instant Public Records project.

As agencies and the public rely more on computers, the number of electronic records increase and the public expects that electronic records should be more readily available. During the past year, the PRO has worked with the Division of Information Systems (DIS) to review the Department's electronic public record request tracking system, to improve the availability of public records on the Department's website, and how to make information about public records or making public records requests more readily available on the website.

During the last year, the PRO has been reviewing the Document Processing Request Tracking System (DPRTS). The DPRTS is used to keep track of public record requests throughout the Department, as well as subpoenas in the Division of Workers Compensation. The DPRTS is being reviewed to determine whether it should be upgraded or replaced. As part of this process, the PRO has surveyed divisions to determine what functionalities should be improved or added to the tracking system and met with Division of Information Systems (DIS) staff to review available options. It is expected that an improved tracking system will result in greater process efficiencies, more consistent use of the system, and more accurate measurement of public record request response times. A final decision has not yet been made but it is expected that a new or upgraded system will be in place by the end of 2012.

Further, the PRO is working with DIS to improve the Department website by making information about public records more visible to the public. A main public records request e-mail address was established and it was made easier to locate on the website. Further, the PRO is now working with DIS and the individual divisions to identify the top ten requested records in each division and to determine which of those records it would be appropriate to post on the website. Once those records are identified and reviewed, they will be categorized by type on an "Instant Public Records" page, and links to those records provided. This project should reduce the number of public record requests, make finding records easier for requesters, as well as reduce costs.

The PRO, in conjunction with the training unit and DIS, also is involved in training agency employees about public records requirements so that all agency employees will be familiar with those requirements. In addition, training regarding the use of electronic tools to review and redact public records is being formulated for public records coordinators and others who review and redact records. If employees are not properly trained in the use of electronic tools, exempt or confidential information that is embedded in electronic files may be released inadvertently. This training will include use of Word, Adobe Acrobat, Excel, Outlook, and pst files.

As of this time, no performance measures have been established for these projects, but it is expected that the PRO will be able to create timeframes and performance measures related to responses to public record requirements after the new tracking system is in place and after public records coordinators and back up coordinators, and other employees are trained.

***Division of Accounting and Auditing.*** The Chief Financial Officer strives to improve accountability by providing government spending transparency. The Department has unveiled several transparency websites this past year. The “Your Money Matters” website shows how a citizen’s income is impacted by government’s taxes and spending. The Florida Accountability in Contracts Tracking System (FACTS) website is a comprehensive online tool that offers greater visibility into the state’s contracts, what entities are getting the state’s business and the prices being charged for those services. The Department will continue to improve FACTS by expanding its functionality to include images of all contracts and information associated with the audit of contracts. The Department is also developing uniform charts of accounts that will result in transparency into spending by state agencies, schools, colleges, universities, and local governments.

***Division of Consumer Services.*** The Division of Consumer Services strives to educate and assist consumers with financial and insurance issues through its websites and initiatives. The Division focuses on educating consumers by developing consumer-oriented tools and resources that are available through the Consumer Services website, the OnGuard for Seniors website, and the Your Money Matters website. These websites were created to provide consumers with easily accessible educational information on a variety of insurance and financial topics. The Division provides this information using several creative venues within its purview to educate consumers of all ages.

The Division has developed an On-Demand educational video library that consumers can access through the websites to learn more about specific insurance and financial topics. The library promotes self-education by allowing consumers to watch short videos and presentations based on topics and issues addressed by the Division at any time that is convenient to them. The Division also publishes online educational brochures and guides that can be accessed by the public and downloaded in part, or in full, based on the individual needs of the consumer.

Consumer Services also has developed an Insurance Library, established for public access to address issues or questions consumers may have regarding insurance. The library contains information on 26 lines of insurance and is continuously reviewed and updated to ensure legislative and industry changes are incorporated and kept up to date and accurate.

***Division of Information Systems.*** In June 2012 the Florida Accountability Contract Tracking System, FACTS was launched. The Division of Information Services (DIS) served in an

information technology (IT) support capacity to implement this significant component of the statutorily mandated state government financial transparency initiative. In its IT support role DIS installed the IT infrastructure and developed the FACTS web application system. With FACTS Floridians can scrutinize contract data for about 24,990 state contracts from more than 30 state agencies. This contract data resides on the IT infrastructure that DIS provided and is accessed using the centralized, on-line contract tracking system that DIS developed. As part of its development effort DIS realigned the look and feel of the other components of the financial transparency initiatives on the DFS website and expanded the contract search tool by integrating social media to improve the user interface to the data.

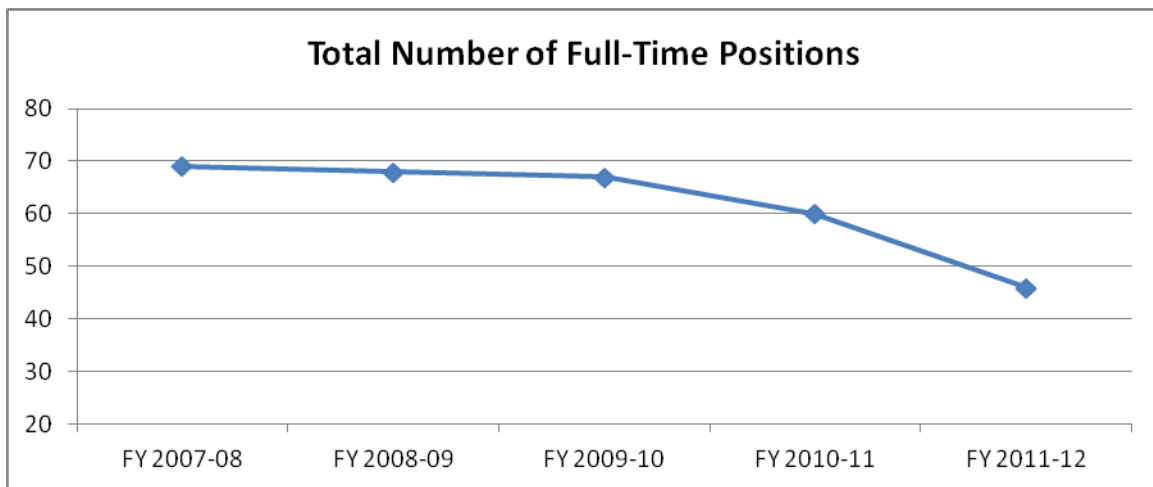
In August 2012 FACTS was enhanced to add images of the top five contracts from each state agency. DIS once again served to implement the required IT infrastructure and web application system modifications required to support this enhancement.

Further enhancements to FACTS are planned as part of Departments' larger goal of providing a system that increases efficiency and accountability in state contracting. DIS' infrastructure support team will continue to implement the required infrastructure for these enhancements and DIS' application support team will develop the web application modifications. DIS' work will include implementing the IT support functions to provide grant agreements, audit findings, contract imaging for all agencies and the collection of ten years of historical contract data to meet statutorily mandated record retention requirements.

## OPERATIONAL EFFICIENCIES

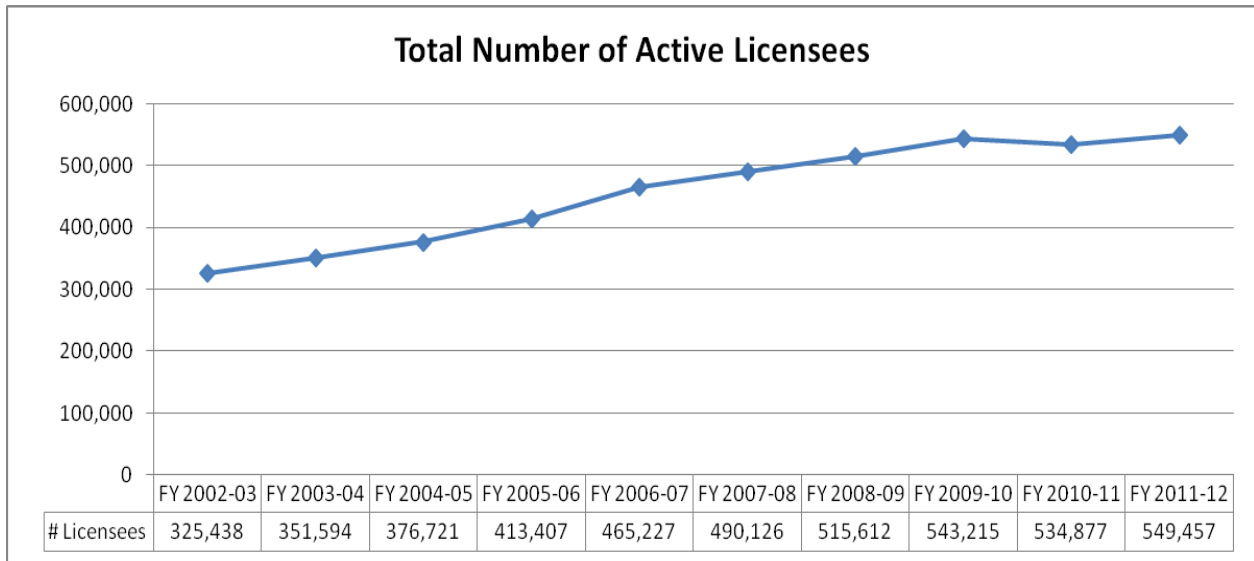
**Goal 5: The Department will strive for organizational excellence by promoting and encouraging continuous improvement.**

**Division of Agent and Agency Services, Bureau of Licensing.** The Bureau continues to streamline our work through automation and process efficiencies. By finding ways to process work more efficiently and effectively through automation, the Bureau continues to accomplish “more with less.” As depicted in the graph below (*Figure 1-AAS*), the number of full-time positions since Fiscal Year 2008-09 has dropped from 69 to 46, a 33 percent reduction. Even with the reduction in staff, the Bureau has continued to reduce processing time with ever-increasing workloads, while maintaining a high level of quality.



*Figure 1-AAS: Total Number of Full-Time Positions*

In Fiscal Year 2011-12, the Bureau received 105,677 new applications for insurance licenses. During this fiscal year, the Bureau streamlined the examination process by no longer requiring applicants to submit applications for initial examinations or re-examinations. This process efficiency reduced the examination process from five to seven days to one to two days. The Bureau assisted and monitored 324,820 licensees with at least one active appointment and 232,468 licensees not required to be appointed or not holding an active appointment, and processed 1,579,891 appointment actions (new, renewals and terminations). There were 70,886 new licenses issued in Fiscal Year 2011-12, and there are 549,457 active licensees who hold a total of 733,952 insurance licenses (*Figure 2-AAS*).



*Figure 2-AAS: Total Number of Active Licensees*

In Fiscal Year 2011-12, the Bureau’s computer systems began to experience issues with instability. Most of these systems are written in outdated code, making it more difficult to upgrade and fix programming errors. Recent attempts to upgrade computer systems resulted in performance issues and data problems. Efforts to further streamline and automate processes have been hindered as a result. In Fiscal Year 2012-13, the Bureau will continue working to stabilize these systems, allowing for further system enhancements.

In order to better train new staff and increase the knowledge of existing staff, better training tools need to be developed. Without these training tools, it is more difficult to ensure consistent work processes and overall quality of work. The Bureau has plans to develop and implement new training tools that will be launched incrementally over the next two fiscal years.

In the 2012 Legislative Session, significant changes to the insurance licensing law were made (Chapter 2012-209, Laws of Florida). These changes present short-term challenges mainly due to the instability of the computer systems. To implement these law changes, modifications will have to be made to the Bureau’s computer systems and core business processes. Long term, these changes should produce efficiencies to the licensing process.

In addition to the continual push for states to have reciprocal licensing standards and processes, there continues to be a threat of federal insurance regulation for non-resident insurance agents. Florida currently has the toughest licensing standards in the nation, which provides a high level of consumer protection. A bill currently in Congress, NARAB II (National Association of Registered Agents & Brokers), would provide for federal regulation of non-resident agents and would weaken consumer protection by allowing non-resident agents to sell insurance in Florida who do not meet Florida’s tough standards for criminal or administrative history.

While the Bureau has worked hard to streamline and automate processes, there continues to be a focus on increasing customer satisfaction. Processing applications quicker and more accurately typically satisfies the Bureau’s customers; however, there are some barriers that affect customer satisfaction. Below are key barriers:

- Licensees and applicants are required to provide us with a valid email address. The Bureau emails most communications to customers, saving significant budget dollars and providing

customers with information and notifications much quicker than mailing letters. However, because of Florida's public records laws, customers' email addresses are open to anyone who requests them. As a result, licensees and applicants are inundated with spam emails. Many call or email to express their dissatisfaction with the Department releasing their email address. This can also lead them to overlook the important emails we send them.

- The public also wants more information about licensees readily available online. Not only could the Bureau reduce workloads for filling public records requests, but also make available the regulatory history of licensees. While the fact that any disciplinary action (suspended, revoked, etc.) against a licensee is public record, the information is not available online and therefore a Florida insurance consumer may not know that their insurance agent was disciplined unless they specifically request that information via a public records request. The Bureau plans to make more public information available online during the next two fiscal years.
- Customer satisfaction is negatively impacted when system changes impair a customer's ability to perform necessary licensing updates and maintenance. This is typically not an issue when the Bureau's computer systems are stable.
- The Division continues to improve the layout of the website and online licensing portal to make information easier to find and understand. The more improvements made to online information, the less phone and email inquiries the Bureau receives. Part of making the website more user-friendly and navigable includes creating additional online tutorials and step-by-step instructional pages.

The Bureau is responsible for overseeing the examination process for insurance representative licensing and annual review of the examinations' content. Twenty-seven types of licenses require examination, which will be reduced to 22 in Fiscal Year 2012-13, further streamlining the licensing process. Approximately 30,655 examinations were administered in Fiscal Year 2011-12.

The Bureau also approves and monitors pre-licensing and continuing education providers, courses, and instructors. In Fiscal Year 2011-12, there were 4,786 new courses and 23,823 course offerings approved. There were 388,427 individuals who completed pre-licensing and continuing education courses.

***Division of Legal Services.*** Service of process on insurers historically has been handled by hard copy, in duplicate to the Department's Service of Process Office, totaling five million pages per year. In the past, two and one half (2.5) million pages per year were forwarded by postal mail from the Department. The Division scans its copy of the 2.5 million pages for records retention. Since it can scan the documents and serve electronically, the Division proposed and succeeded in passing a statutory amendment in the 2010 Legislative Session to change the statutory required submission to one copy of the process. This change should 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 continues 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 has reduced the number of copies to one set sent to the insurers and enables the Department to 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 reduces by more than half the time required to effect service of process. The mail delivery time

of three to five days has been eliminated. The Division met its goal of providing access of electronic notification and availability to at least 70 percent of all insurers served by July 1, 2012.

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 that the insurers receive process 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.

**Division of Risk Management.** *The Division* is authorized to administer the State Risk Management Trust Fund (Chapter 284, Florida Statutes) and to handle claims on behalf of state agencies for casualty and property lines of insurance coverage (Figure 1-DRM). The Division has 106 employees, of whom approximately 90 percent 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. The loss prevention program has eight staff to provide loss prevention service and training to state insured entities.

Claim type	Number of claims reported in FY 2011-12	Loss Payments (all years)
Workers' Compensation	13,152	\$112,454,428
General and Auto Liability	1,964	\$6,514,700
Federal Civil Rights & Employment Discrimination	489	\$8,446,251
Property	43	\$518,444
<b>Total</b>	<b>15,648</b>	<b>\$127,933,823</b>
Average number of claims handled per employee in FY2011-12	226	

*Figure 1-DRM: Number of claims filed by claim type in FY 2011-12 and loss payments for all years claims.*

The total cost of claims is higher for Fiscal Year 2011-12 than the \$124,621,788 paid in Fiscal Year 2010-11. While the number of claims received by the Division has remained relatively 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 insurance 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 has improved the efficiency of claims handling and customer communication.

The number of workers' compensation claims occurring in Fiscal Year 2011-12 decreased by 9.82 percent compared to the number of claims occurring in Fiscal Year 2010-11, although the workers' compensation loss payments in Fiscal Year 2011-12 slightly increased by 0.4 percent compared to the payments in Fiscal Year 2010-11. The total loss payments in Fiscal Year 2011-



12 were 2.6 percent higher than the total loss payments in Fiscal Year 2010-11. The minimal increase was due to an increase in workers' compensation, federal civil rights and employment discrimination, and property loss payments. However, general and auto liability payments decreased.

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. An adjuster authorizes claims related payments and the Division's financial section pays the claim.

Approximately 63,000 transactions in the form of check or automated clearing house (ACH) transactions are issued each fiscal year. Payments are made from the State Risk Management Trust Fund (SRMTF) through a revolving fund that maintains a \$4 million balance. The Division's revolving fund is part of the consolidated revolving account maintained by the Division of Treasury. The Revolving Fund is replenished as needed from SRMTF funds maintained in FLAIR. Excess operating funds are invested in an account maintained by the Division of Treasury.

Workers' compensation medical payments are paid by a contractor that provides medical case management services through funds advanced to the contractor pursuant to section 284.33, Florida Statutes. The contractor is required to allow an annual examination of the advanced funds activities by an independent Certified Public Accountant firm, as well as a Statement on Standards for Attestation Engagements-16 (SSAE-16) audit. The SSAE-16 audit is an independent service auditor's report that examines the contractor's internal control system. The contractor provides weekly information on payments made from the advanced funds, and is reimbursed for those payments through FLAIR. In Fiscal Year 2011-12 the Division continued to use a consultant 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.

With the rising cost of claims in all lines of coverage, especially workers' compensation, the Division began concentrating efforts beginning in 2008 to focus attention on preventing and reducing claim cost and frequency. Since that time, the Division expanded the safety program to a loss prevention program. Currently, eight positions are dedicated to assisting the Division's 57 insured agencies, universities, and other insured entities develop comprehensive loss prevention programs. Four of the staff members in the unit are also Occupational Safety and Health Administration (OSHA) authorized trainers who can assist agencies and universities with their safety and loss prevention efforts. The five agencies with the highest claims cost and claims frequency were identified in early 2009. Since that time, the departments of Children and Families (DCF), Juvenile Justice (DJJ), and Corrections (DOC), and the Agency for Persons with Disabilities (APD) have engaged in loss prevention consulting services provided by the State of Florida Loss Prevention Program (SFLPP). SFLPP staff has visited facilities and offices around the state associated with DCF, DOC, and APD. In addition, SFLPP staff has visited several university campuses and one DCF contractor's facility. The purpose of the visits was to tour the facilities to get a better understanding of risks associated with claims; review the facilities' loss prevention programs, and build rapport. Many other activities have been taken to provide loss prevention consultative services. Certain agencies have made substantial progress in reducing their claims and claims costs.

The State of Florida Loss Prevention Program also is taking a high level approach to meeting the needs of the Division's 57 insureds. Loss Prevention Standards were written in 2010 and provided to all insureds. The Loss Prevention Standards are designed to assure each agency engages all of the components of a comprehensive loss prevention program, while assuring development of programs that address individual agency unique business needs. The largest cost driver in a workers' compensation claim is medical costs, but indemnity benefits for time lost from work due to a work place injury are also significant, and total claim costs increase as the amount of time lost from work increases. Working with a small group of agency and university participants, the loss prevention program has published return to work program guidelines for use by all insureds and has recently held a statewide webinar workshop on the guidelines.

The Interagency Council for Loss Prevention has been reenergized and agency participation has been expanding, including the development of an Executive Steering Committee and several other advisory committees. There is much more work needed to drive down claims frequency and costs and plans are being made to meet this challenge. The Department also obtained risk management legislation that requires certain agencies to maintain return-to-work programs, and authorizes the Division to evaluate each agency's loss prevention program and report the results to the Legislature. The Division began its evaluation of state agency loss prevention programs in Fiscal Year 2011-12 and has conducted reviews of the departments of Juvenile Justice and Law Enforcement, as well as the State Courts System/Justice Administrative Commission and the University of North Florida. The Division began collecting return-to-work information from agencies and universities with more than 3,000 employees in late 2011 and will include that information in its annual report to be issued in January 2013.

## WORKFORCE

***Goal 6: The Department will provide a workplace environment that is conducive to attracting and retaining quality employees.***

***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 2,590.50 full time equivalent positions and has 178.50 temporary employees at the time of this report, depending upon budget and need. The Division of Administration operates with 104 of these positions. In addition, for Fiscal Year 2012-13, DFS/OFR/OIR has a total combined budget of \$304.2 million. The Department has 35 leases statewide for a total of 794,856 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 past. Chapter 2002-194, Laws of Florida, transferred the Division of Workers' Compensation within the Department of Labor and Employment Security to the Department of Insurance. Effective January 7, 2003, Chapter 2002-404, Laws of Florida, created the Department of Financial Services (DFS) and specified that the Chief Financial Officer was the head of the Department. It also transferred portions of the Department of Insurance and the Department of Banking and Finance to the newly created Department. In addition, that law created the Financial Services Commission to include the Office of Insurance Regulation (OIR) and the Office of Financial Institutions and Securities Regulation (OFR). The commission is composed of the Governor, the Attorney General, the Chief Financial Officer and the Commissioner of Agriculture. It serves as the agency head for the OIR and OFR, selecting the director of each of these offices, and authorizing their organization and proposed rules. The Department was directed to provide administrative and information systems support to the two newly formed offices. Further, effective January 2011, Chapter 2010-144, Laws of Florida, transferred the Public Assistance Fraud Unit from the Department of Law Enforcement to the Department and established it as a division.

Business processes from three different entities were merged into one agency and two offices. This Department continually reviews its business processes in order to ensure efficient use of human, operational, and financial resources.

***Division of Administration, Bureau of Human Resource Management.*** Human Resource Management (HR) administers a comprehensive program that includes recruitment, staffing, career enhancement, management planning, learning & development, classification and pay, attendance and leave, grievances and appeals, labor relations, Affirmative Action/EEO, records, payroll, benefits, Employee Assistance Program, employee relations, and performance reviews. Over the past fiscal year HR, processed 756 hiring appointments, 3,404 classification or organization changes, 1,996 performance reviews, and 92 employee/labor relations cases. The office currently employs 17 full-time employees.

The Bureau recognizes that private sector employers utilize professional headhunters when recruiting for key positions and are able to offer more competitive benefit packages than state government, e.g., relocation costs paid by private sector employers. In addition, an increased number of private sector employers are funding workplace environment enhancements, e.g., daycare, health and fitness facilities, etc. This gives the private sector an edge in attracting and

recruiting qualified minority candidates. The Bureau acknowledges that the Department should identify functional areas and positions where enhanced recruitment efforts are needed. Moreover, it is necessary to identify subject matter experts to assist with recruiting efforts and define attributes of quality candidates while identifying sources of qualified candidates.

The Department views its Affirmative Action goals in terms of overall minority and female representation. We do not set aside a specific number of jobs for minorities and females; rather, we are seeking to reach or exceed the minority percentages reflected on the Florida Statewide Available Labor Market Analysis. The Department is committed to the policy of Equal Employment Opportunity and to our Affirmative Action efforts. In addition, an Equal Opportunity Report is published quarterly in an effort to be aware of our minority representation.

The Office of Learning & Development (L&D) provides training and development for improving employee competencies in four key areas: 1) Leadership, 2) Technology, 3) Value Creation, and 4) Personal Growth. Activities include:

- design, development, delivery and evaluation of training courses;
- facilitation;
- classroom and meeting space reservations;
- leadership development;
- new Employee Orientation;
- administration of the Department's internship program;
- administration of the Department's Davis Productivity Awards program;
- maintenance of the Department's training intranet hub;
- learning-oriented performance consulting and project management; and
- customized consulting services.

Learning events are conducted on a group or individual basis by classroom, online or distance delivery to maximize the assistance and promotion of job skills. All programs are designed and delivered to maximize the assistance and promotion of job skills. Last fiscal year L&D staff directly provided formal learning courses for over 1,900 employees through face-to-face or virtual classroom delivery. The Office also coordinated the use of training rooms for additional learning events, meetings and conferences delivered by non-L&D staff meetings for, and on behalf of the Department and other agencies, including employees from other agencies. The L&D Office currently employs four full-time employees.

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 completed the third year for the Chief Financial Officer (CFO) Leadership Academy. The CFO's Leadership Academy 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. All students must maintain above a 3.0 GPA and be a junior, senior or a graduate student.

In addition, the department completed a third year of its Leadership Excellence (LEX) leadership development curriculum which is a component of the Department's Professionalism, Excellence and Performance (PEP) Program. The program 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 goal of the comprehensive Professionalism, Excellence, and Performance Program, established in 2008, is to proactively address the quality and effectiveness of the department's workforce.

## TASK FORCES, STUDIES AND INITIATIVES

### FIGHTING FINANCIAL FRAUD

**Personal Injury Protection (PIP) Fraud Work Group.** Chief Financial Officer (CFO) Atwater promoted policy reforms to protect Florida drivers from escalating premiums. Florida's Motor Vehicle No-Fault Law, section 627.730, Florida Statutes, requires drivers to maintain PIP coverage, which aims to hold down medical expenses for minor injuries sustained in a motor vehicle crash without regard to fault. It is also intended to curb litigation costs for minor injuries and non-economic damages. In recent years fraud has so permeated this coverage that it has become prohibitively expensive for Floridians.

CFO Atwater called upon Florida's Insurance Consumer Advocate to assemble a working group to facilitate discussion on PIP reforms. The group issued a well-documented report that was used by state lawmakers to formulate policy. CFO Atwater worked with Governor Scott and legislative leaders during the 2012 Legislative Session to reform Florida's PIP system. The majority of reforms will take effect in January 2013. Anticipated savings for consumers as a result of public policy reforms are expected to range from 14 to 25 percent (Pinnacle).

**Automobile Insurance Fraud Strike Force.** Chapter 2012-197, Laws of Florida, created the strike force to serve as a direct support organization that identifies available resources and channels those resources to areas aggressively fighting PIP fraud. The strike force will research emerging trends by those committing fraud; collaborate with front line fighters of fraud including investigators, law enforcement, and prosecutors; and monitor the impacts of this new PIP law.

**Medicaid and Public Assistance Fraud Strike Force.** Chapter 2010-144, Laws of Florida, created the strike force to increase the effectiveness of programs and initiatives that work to prevent, detect, and prosecute Medicaid and Public Assistance Fraud. CFO Atwater serves as chair and Attorney General Bondi serves as Vice Chair of the 11-member strike force. Currently, the state's Medicaid program is estimated to account for as much as ten percent of the Medicaid budget. State economists estimate that Medicaid is the state's largest cost driver, with projected increases potentially exceeding \$400 million this fiscal year. Clamping down on fraud at various points a program involving multiple agencies is of paramount importance, for policymakers and for the taxpaying public. Another area under review by the strike force is public assistance. From 2005 to 2010, the Public Assistance Fraud Unit referred \$18 million in program benefits fraud for prosecution. This fiscal year to date, the unit has received more than 24,000 referrals of suspected public assistance fraud.

**Working Group on Role of Money Service Business in Facilitating Workers' Compensation Fraud.** In response to the recent and escalating trend in premium avoidance in the construction industry facilitated by check cashing stores, CFO Atwater created an informal working group to tackle this problem, which is putting pressure on rates and straining state resources to the tune of \$1 billion annually. Through research and hearings the work group shall identify the loopholes that allow "shell" construction companies to be established; evaluate the operation of check cashing services; identify any ambiguity related to enforcement of laws governing these entities; and identify any potential revisions to the statutory framework to eliminate workers' compensation premium fraud. The working group is slated to release its recommended solutions, including legislative remedies, prior to the 2013 Legislative Session.

## PROMOTING GREATER TRANSPARENCY IN GOVERNMENT

**Launched the New Transparency Florida.** The website is called An Open Door to Florida's Finances and was made available to the public in fall 2011 to ensure Floridians have access to state budget information, vendor payments, and a state taxpayer profile called *Your Money Matters*.

**Florida Accountability and Contract Tracking System (FACTS).** CFO Atwater launched the —FACTS in June 2012. Nearly \$50 billion of the state's \$70 billion budget, or approximately 71 percent, is spent in the form of a contract or agreement for goods or services. Keeping track of how the state of Florida spends citizens' money is no small feat. In fact, no one person can solidly report how many contracts Florida currently has with outside vendors. As the fourth-largest state in the nation, it is disconcerting that we have not had a centralized system in place that efficiently tracks how our state does business and reports to taxpayers how their money is spent.

These issues served as the inspiration behind the 2011 Legislature enacting Chapters 2011-49 and 2011-44, Laws of Florida, which directed the Chief Financial Officer to provide public access to a state contract management system that provides information and documentation relating to contracts procured by governmental entities. Access to contract information is provided through a transparency website - what we are calling Florida Accountability Contract Tracking System or 'FACTS,' a comprehensive online tool that offers Floridians greater visibility into how their government is doing business. The new FACTS tool, now available on my [Transparency Florida](#) website, makes the state's contracting processes transparent through a centralized, statewide contract tracking system.

The FACTS system will serve as a living extension of the way all Florida state agencies manage and report their contracts to the public. Through the new system, users are able to search for state contracts and review a detailed information page. The system already includes contract images from my Department of Financial Services and the five highest dollar amount contracts from each state agency online. We will also be publishing contract audit findings to the FACTS system as well as using the system to justify payments from the state. Integrating new technologies into the way we do business will help us be the most exceptional stewards of taxpayer dollars.

**Contract Reviews Conducted Within the State Agencies.** The Bureau of Auditing is conducting reviews of state agencies' contract documents and related management activities. The review focused on compliance with the following statutory requirements:

- service contracts/grant agreements must contain a clear scope of work.
- service contracts/grant agreements must contain deliverables that are quantifiable, measurable, verifiable and directly related to the scope of work.
- service contracts must contain financial consequences for non-performance.
- contract managers must enforce performance of the contract terms and conditions; review and document all deliverables for which payment is requested by vendors; and provide written certification of the agency's receipt of goods and services.

The Bureau completed its initial round of agency contract reviews; early results show that there are several areas where improvements can be made. The review disclosed that the contract

management activity for certain contracts was not sufficient, as contract managers did not document verification that services were delivered satisfactorily prior to approving invoices for payment. In some cases, deliverables were approved based on vendor-generated data such as invoices, status reports, and time reports, without documented validation by state agencies.

As the contract reviews continue, the Department encourages all state agencies to take part in its Contract Manager Training - Advancing Accountability - Best Practices for Contract & Grant Management. The training was developed for agency contract and grants managers and satisfies the training requirements in section 287.057(14), Florida Statutes, for contract managers responsible for agreements exceeding \$35,000. Best practices are presented for crucial areas of the contract and grant administration process. Emphasis is placed on areas of weakness that have been revealed through post-audits conducted by the Bureau of Auditing such as conducting cost analyses, writing effective agreements, and performing effective monitoring. The program includes a workshop designed to give participants hands-on experience applying the concepts vital for successfully monitoring of an agreement. Activities include creating a monitoring tool, scope of work, and deliverables. Other topics covered in the workshop include risk assessment, monitoring plans, and remedies.

**Strengthening the Pre-audit Process.** CFO Atwater is committed to ensuring state funds are properly managed, including making sure bills submitted to the department are appropriate and lawful before payments are made. The Bureau of Auditing has implemented procedures to identify transactions processed in Florida Accounting Information Resource (FLAIR) that should be audited before payment and transactions that can be monitored on a post-payment basis. The Bureau utilizes four types of audits: pre-audit, expanded pre-audit, post audit, and contract reviews. A pre-audit is performed prior to posting the payment. It is a basic audit to validate the request for payment that has been submitted by the agency in the FLAIR system. The auditor verifies that each invoice is adequately itemized with billable units; there is proof of payment authorization, and documentation that the goods and services have been satisfactory received and accepted in accordance with the contract or purchase order. In addition, the auditor verifies each invoice for compliance with state law.

Since the number of transaction processed each day preclude pre-audits on each voucher, the Bureau has established spending thresholds which trigger pre-audits and random sample transactions for pre-audit which do not meet those thresholds. The Bureau reviews historical data and the audit selection criteria on an ongoing and annual basis to determine if any adjustments are needed based on risk, recurring errors, and management direction. Currently, the Bureau is evaluating whether enhancing pre-audits on service payments, rather than commodity payments, will provide greater transparency and accountability in state government spending.

**Enhance Contract Management and Accountability.** Currently, CFO Memorandum No. 1 Fiscal Year 2007-08, "Contract and Grant Reviews and Related Payment Processing Requirements," requires state agencies to send certain contracts that are \$1 million or greater to the Bureau for a review on deliverables and performance criteria. Any deficiencies in the contract's or grant's deliverables and performance criteria are noted and provided back to the agency for corrective action. The CFO lacks sufficient authority to exercise a greater role earlier in procurement process to ensure that contracts are appropriately reviewed prior to execution to better protect taxpayer funds. The Department supports legislation designed to provide greater control over the contracting process that would include:



- The creation of a “certification” process for contract and grant managers of agreements \$325,000 or greater. The Department could be responsible for establishing the curriculum for certification and administering the certification process. The curriculum would include a new course on contract development that would improve contract manager’s skill sets for writing contracts.
- Authority for the Department to remove a contract manager’s certification for non-compliance with the standards established by the Department and establishment of a statutory definition for performance measure standards that must be included in contract documentation.
- Expansion of the CFO’s oversight authority to include regulation of procurement. The Department could be provided authority for regulating procurement and contracts in Chapter 287, Florida Statutes, with the establishment of a new work unit responsible for setting standards for procurements\contract development and the approval of contracts prior to execution. The Department would work closely with the Department of Management Services (DMS). The DMS would retain the authority for the Office of Supplier Diversity, to perform centralized procurements for commodities and services needed by state agencies, counties, and municipalities; and for the administration of protests.
- Establishment of authority for enforcement of non-compliance with state contracting laws. Provide statutory authority to the CFO for the termination contracts that are not in the best interest of the state and the withholding of payments to the vendor for non-performance. The Department would provide reports to Legislature on non-compliance.

## PROTECTING CONSUMERS

**Deepwater Horizon Oil Spill.** Many hardworking Floridians and business owners, especially in the Panhandle, have been fighting to regain their financial footing in the wake of the devastating Deepwater Horizon oil spill. CFO Atwater has met with many impacted business owners and community leaders to facilitate solutions to delays and denials of claims payments. The CFO’s goal is to continue pushing for answers and greater transparency in the process from the Gulf Coast Claims Facility on behalf of claimants. The Division of Consumer Services has assisted more than 380 claimants. Of those, 40 have received approximately \$2.1 million in claims payments.

**Holocaust Survivor Fee Waiver Program.** An estimated 12,500 Holocaust survivors and their families in Florida are being assessed an international wire transfer fee, ranging from \$10 to \$40 per transaction. This transfer fee amounts to a ten percent tax on each payment the survivor receives, and is a significant financial burden considering that a vast majority are elderly and rely on these payments. CFO Jeff Atwater has partnered with multiple financial institutions across Florida to waive the wire transfer fee on reparation payments.

**Helped Protect Floridians from Identity Theft.** CFO Atwater successfully fought for legislation during the 2012 Legislative Session that now prevents the release of Social Security numbers.

**CFO’s Office Investigated Life Insurance Company Settlement Practices.** Through joint investigative efforts with other states, Florida found a widespread practice among insurers selectively using the Social Security Death Master File to stop making payments when policyholders passed away but ignoring it to pay death benefits to rightful beneficiaries. CFO’s

team helped negotiate an estimated \$61 million settlement for consumers. Additional settlements are expected in the coming months.

## **SUPPORTING SMALL BUSINESSES – THE BACKBONE OF FLORIDA’S ECONOMY**

**Improving Access to Capital.** CFO Atwater initiated a Small Business Lending Survey in partnership with the Florida Chamber of Commerce Foundation to determine what strategies can be deployed to remove the obstacles and challenges facing small businesses that need access to capital to grow.

**Small Business Leadership Forum.** Diversifying the state’s economy is necessary for long-term prosperity, but it is also vital that our small businesses continue to grow, prosper, and remain in Florida. That is why CFO Atwater partnered with the Jim Moran Institute to put together the 2012 Small Business Leadership Forum. The forum provided small businesses access to resources and information that will positively impact their bottom line.

**Leveraging Universities to Support Business Community.** CFO Atwater is partnering with Florida’s academic experts at the Small Business Leadership Forum to better link and leverage relationships between the state’s small businesses and business incubators, technology transfer offices, and entrepreneurial education centers connected to our public universities.

## **REDUCING REGULATORY BURDENS**

**Regulatory Review.** The Department is in the process of conducting an internal regulatory review of all of its major programs administered at the division level within the Department. This review has already yielded valuable information that will enable the Department to develop legislative proposals related to functional changes that can be made that will enhance the effectiveness and efficiency of agency operations. These reviews will outline options/recommendations with regard to the deployment of Department resources and day-to-day program administration and will continue to produce recommendations to streamline and to enhance the efficiency of the Division of Legal Services’ processes to ensure the most cost effective means of providing reasonable regulation of Florida businesses. Further, the review is intended to evaluate current regulations to ensure they are reasonable for the regulated industry, and to ensure that they are providing adequate protection to consumers.

**Strategic Planning and Business Process Improvement.** CFO Atwater appreciates the role of strategic planning in a quality organization. The CFO has elevated the strategic planning function of this office within the agency to offer strategic evaluations that will lead to a well-reasoned, rational plan for the CFO’s goals of streamlining the department’s operations, enhancing the efficiency of its activities, and focusing on effectively performing the core missions of the Department. This function has been established in the Office of the Inspector General. The office has begun a project to analyze and map the business processes of each division. The project includes working with the divisions to hone their performance measures and, once well-defined, the department will incorporate agency performance into the employee’s performance measures. In addition, the office has begun an enterprise risk management (ERM) process in conjunction with the business process mapping project. The ERM process is designed to identify, assess, manage, and control potential risks that may affect the department to provide reasonable assurance of the achievement of the department’s objectives.

**Research & Planning.** The CFO recognizes the value of and need for comprehensive information regarding the health of Florida's economic sector. Not only does good regulatory policy and practice depend on quality information, the ability to understand trends and conditions is key to planning for and managing financial and regulatory issues. To that end, the CFO has concentrated policy research within the legislative affairs activities of the Department. The Office of Legislative Affairs integrates quality data research and evaluation in the development of the department's legislative goals and pursues these goals through the legislative process. The office serves as a contact point and resource to legislators and their staffs on issues under the department's purview.



# 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Administrative costs as a percentage of total agency costs	5.00%	4.12%	5.00%	5.00%
Administrative positions as a percentage of total agency positions	6.00%	5.68%	6.00%	6.00%
<b>New Measure:</b> Percentage of Department employees responding to an annual survey who indicate overall satisfaction with the Division of Administration services.	N/A	N/A	N/A	90%
<b>New Measure:</b> Percentage of appointment (hiring) packages processed within the five day time standard.	N/A	N/A	N/A	97%

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Percentage of closed files involving allegations of statutory violation that were successfully prosecuted	92%	98%	92%	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

<b>Approved Performance Measures for FY 2012-13 (Words)</b>	<b>Approved Prior Year Standard FY 2011-12 (Numbers)</b>	<b>Prior Year Actual FY 2011-12 (Numbers)</b>	<b>Approved Standards for FY 2012-13 (Numbers)</b>	<b>Requested FY 2013-14 Standard (Numbers)</b>
Information technology costs as a percentage of total agency cost	4.21%	5.94%	4.21%	4.21%
Information technology positions as a percentage of total agency positions	3.33%	4.69%	3.33%	3.33%
System design and programming hourly cost	\$60	\$29.72	\$60	\$60
Percentage of scheduled hours computer and network are available	99.95%	99.97%	99.95%	99.95%
Percentage 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	85%	96%	95%	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

<b>Approved Performance Measures for FY 2012-13 (Words)</b>	<b>Approved Prior Year Standard FY 2011-12 (Numbers)</b>	<b>Prior Year Actual FY 2011-12 (Numbers)</b>	<b>Approved Standards for FY 2012-13 (Numbers)</b>	<b>Requested FY 2013-14 Standard (Numbers)</b>
Percentage of referred cases responded to and/or transferred within 10 days of receipt.	90%	100%	90%	90%
Percentage of rate filings subject to public hearing which were reviewed by our office.	95%	100%	95%	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: Information Technology- <b>FLAIR Infrastructure</b>	Code: 43010500

Approved Performance Measures for FY 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Percentage of scheduled hours computer and network is available-FLAIR	99%	99.98%	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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>Request Deletion:</b> Maximum administrative unit cost per \$100,000 of securities placed for deposit security service purposes	\$20	\$9.45	\$20	<b>Request Deletion</b>
<b>Request Deletion:</b> Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit	5,420	7,471	5,420	<b>Request Deletion</b>
<b>Request Deletion:</b> Number of account actions taken on regulatory collateral deposit accounts	39,116	52,589	39,116	<b>Request Deletion</b>
<b>New Measure:</b> Percentage of Qualified Public Depositories analyses completed within 90 days of the start of the analysis period.	N/A	100%	N/A	<b>100%</b>
<b>New Measure:</b> Percentage of Collateral Administrative Program transactions that are completed within three business days.	N/A	96%	N/A	<b>97%</b>

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>Request Deletion:</b> Ratio of net rate of return to established national benchmarks for: (I) Internal liquidity investments	1	4.46	1	Request Deletion
<b>Request Deletion:</b> Ratio of net rate of return to established national benchmarks for: (II) Internal bridge investments	1	1.08	1	Request Deletion
<b>Request Deletion:</b> Ratio of net rate of return to established national benchmarks for: (III) Internal intermediate investments	1	1.05	1	Request Deletion
<b>Request Deletion:</b> Ratio of net rate of return to established national benchmarks for: (IV) Medium term external portfolio	1	1.03	1	Request Deletion
<b>New Measure:</b> Amount by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.	N/A	0.69%	N/A	0.2%
<b>New Measure:</b> Percentage of core accounting processes that meet established deadlines and standards for accuracy.	N/A	97%	N/A	98%
Number of cash management consultation services	30	30	30	30

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>Request Deletion:</b> Number of new participants in the State Deferred Compensation Plan over previous year	600	N/A	600	<b>Request Deletion</b> 600
<b>Request Deletion:</b> Percentage increase in deferred compensation contributions over previous year	2%	N/A	2%	<b>Request Deletion</b> 1%
<b>New Measure:</b> Percentage of state employees participating in the State Deferred Compensation Plan	N/A	41%	N/A	40%

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>Revise Measure:</b> Percentage of vendor payments issued via electronic funds transfer (EFT) <b>excluding one time payments</b>	29%	39%	29%	<b>Adjust Standard</b> 39%
Percentage of payroll payments issued via electronic funds transfer (EFT)	95%	96%	95%	95%
Percentage of retirement payments issued via electronic funds transfer (EFT)	83%	92%	83%	<b>Adjust Standard</b> 92%
<b>Revise Measure:</b> <del>Number of Post Audits and Management Review Completed</del> <b>Number of Agencies Audited for Contract / Grant Managers Performance</b>	12	8	12	12
Number of Clerk of the Circuit Court Financial Reviews conducted	33	18	33	<b>Adjust Standard</b> 22
Percentage of compliance with the Statewide Financial Statements Compliance Checklist	90%	93%	93%	93%
Percentage of warrants outstanding at 3 months that are stale dated after 12 months	47%	60%	47%	<b>Adjust Standard</b> 60%
<b>New Measure:</b> Percentage of Office of Fiscal Integrity Investigations that Result In Action	N/A	N/A	N/A	50%
<b>New Measure:</b> Number of Contracts Reviewed	N/A	N/A	N/A	1,100

**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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<del>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.)</del> <b>Revise Measure:</b> Percentage of the total dollar amount of claims paid during the current fiscal year, compared to the prior year's receipts.	75%	60%	75%	<b>Adjust Standard</b> 55%
<b>Revise Measure:</b> Percentage of the total number of claims paid to the owner in the fiscal year compared to the total number of <b>returnable</b> accounts reported / received in the prior fiscal year. (Number of claims paid as a Percentage of all accounts.)	22%	15%	22%	22%
Number / dollar value of owner accounts processed.	450,000 / \$163 million	1,428,102 / \$233,944,920	450,000 / \$163 million	<b>Adjust Standard</b> 1 million / \$225 million
Number of claims paid / dollar value of claims paid.	120,000 / \$90 million	289,729 / \$206,737,231	120,000 / \$90 million	<b>Adjust Standard</b> 250,000 / \$150 million
<b>Revise Measure:</b> Percentage of claims processed within <del>45</del> 60 days from date received (cumulative total) .	80%	44%	80%	<b>Adjust Standard</b> 60%
<del><b>Delete Measure:</b> Percentage of increase in the number of holders reporting unclaimed property this fiscal year compared to the number of holders reporting last fiscal year.</del>	10%	85%	10%	<b>Request Deletion</b>
<b>New Measure:</b> Number of new holders reporting unclaimed property in the fiscal year.	N/A	1,813	N/A	2,000

## LRPP Exhibit II - Performance Measures and Standards

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

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

Approved Performance Measures for FY 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Number of fire related deaths occurring in state owned properties required to be inspected	0	0	0	0
Percentage of mandated regulatory inspections completed	100%	100%	100%	100%
Number of recurring inspections completed	7,200	7,315	7,200	7,200
Number of high hazard inspections completed	7,200	7,816	7,200	7,200
Number of construction inspections completed	1,500	1,908	1,500	1,500
Number of mandated regulatory inspections completed	605	1,965	605	605
Percentage of fire code inspections completed within statutory defined timeframes	100%	100%	100%	100%
Percentage of fire code plans reviews completed within statutory defined timeframes	100%	100%	100%	100%
Number of boiler inspections completed by department inspectors	4,200	1,748	4,200	1,700 <i>Adjust Standard</i>
Number of construction plans reviewed	700	564	700	700
Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	8,000	7,917	8,000	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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	77.60%	80%	80%
<b>Request Deletion:</b> Percentage of arson arrests resulting in conviction	87%	75.00%	87%	<b>Request Deletion</b>
Percentage of closed arson investigations for which an arrest was made in Florida	18%	33.70%	18%	18%
<b>New Measure:</b> Percentage of referrals declined by the State Attorney Office for prosecution	N/A	N/A	N/A	<b>10%</b>
<b>New Measure:</b> Percentage of arson cases cleared by arrest or exceptionally cleared	N/A	N/A	N/A	20%



## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Percentage 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%	82%	90%	<b>Adjust Standard</b> 80%
Challenges to examination results and eligibility determination as a percentage 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	5,500/175,000	6,287/276,352	5,500/175,000	5,500/175,000
Number of examinations administered	8,000	5,972	8,000	<b>Adjust Standard</b> 6,000
Percentage of Fire College students passing certification exam on first attempt	85%	76.50%	85%	<b>Adjust Standard</b> 75%
Percentage of Student Satisfactory Evaluations of the Florida State Fire College Facility and Services	85%	89%	85%	85%
<del>Request Deletion: Percentage of Students Rating Training Received at the Fire College Effective in Improving their Ability to Perform Assigned Duties</del>	85%	85%	85%	<b>Delete Measure</b> 85%
Number of Florida State Fire College Certification Programs Submitted for National Accreditation or Re-accreditation	8	6	8	<b>Adjust Standard</b> 3

**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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Administrative costs as a percentage of program agency costs	5.70%	5.70%	5.70%	5.70%
Administrative positions as a percentage of total program positions	3.40%	3.40%	3.40%	3.40%
<del>Revise Measure: Number of evidence sample analyses/examinations processed and imaging services provided.</del> <b>To: The number of items analyzed chemically plus the number of imaging items processed.</b>	6,500/12,000	15,325	6,500/12,000	<b>Adjust Standard</b> 13,650
To import 100% of incident data submitted by Florida fire departments within the calendar year.	100%	100%	100%	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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Average operational cost per claim worked	\$239.00	\$836	\$239.00	Adjust Standard \$2,016
Number of workers' compensation claims requiring some payment per 100 FTE employees	5.7	4.35	5.7	5.7
Average cost of workers' compensation claims paid	\$5,229	\$6,380	\$5,229	Adjust Standard \$6,500
Percentage of liability claims closed in relation to liability claims worked during the fiscal year	49%	51.6%	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	\$1.20	\$1.39	\$1.20	Adjust Standard \$1.45
Percentage 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%
Average cost of tort liability claims paid	\$9,651	\$8,027	\$9,651	\$9,651
Average cost of federal civil rights liability claims paid	\$44,226	\$31,404	\$44,226	\$44,226
Average cost of property claims paid	\$3,300	\$9,069	\$3,300	Adjust Standard \$9,000
Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made	180	260	180	180
Number of workers' compensation claims worked	22,000	21,143	22,000	22,000
Number of liability claims worked	5,430	4,888	5,430	5,048
Number of workers' compensation claims assigned for litigation during the current fiscal year	421	405	421	421
Number of state property loss/damage claims worked	275	101	275	Adjust Standard 120
<b>New Measure:</b> Overall average score on the annual loss prevention safety academy training survey	N/A	4.6	N/A	4.0

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>Revise Measure:</b> Percentage of companies with only class 3 or higher claims closed within 2 years after all <b>asset collection activity, including</b> litigation, is concluded and all objections have been resolved	90%	100.00%	90%	90%
Percentage of appraised value of assets liquidated for real property	90%	85.80%	90%	90%
Percentage of appraised value of assets liquidated for personal property	75%	100.00%	75%	75%

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>Request Deletion:</b> Percent of licensees disciplined	7%	8.35%	7%	<b>Request Deletion</b>
<b>Request Deletion:</b> Percent of applications processed within 7 working days	90%	99.71%	90%	<b>Request Deletion</b>
<b>Request Deletion:</b> Percent of licensees complying with continuing education requirements	75%	73.75%	75%	<b>Request Deletion</b>
<b>Request Deletion:</b> Percent of investigations completed within 130 days	60%	70.25%	65%	<b>Request Deletion</b>
<b>Request Deletion:</b> Percent of satisfaction of Customer Contact Center services	90%	*N/A	90%	<b>Request Deletion</b>
<b>Request Deletion:</b> Percent of completed investigations recommended for formal action that result in an action.	55%	85.70%	75%	<b>Request Deletion</b>
<b>New Measure:</b> Cost of Licensing Operations per active license.	N/A	\$4.93	N/A	\$4.83
<b>New Measure:</b> Cost of Investigation Operations per enforcement action.	N/A	\$96.76	N/A	\$95.00
<b>New Measure:</b> Percent of licensees disciplined for practice violations in previous 12 months.	N/A	0.07%	N/A	0.068%
<b>New Measure:</b> Average number of investigations completed per investigator.	N/A	55.11	N/A	57.00
<b>New Measure:</b> Average number of applications processed per Licensing FTE.	N/A	2,544.02	N/A	2,647

\*Because the Customer Contact Center was moved to another Division, we were no longer able to keep track of the percentage.

**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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>New Measure:</b> Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators.	N/A	N/A	N/A	75%
<del><b>Delete:</b> Percent of insurance fraud cases presented for prosecution by law enforcement investigators</del>	1%	N/A	1%	<b>Request Deletion</b>
<b>New Measure:</b> Number of insurance fraud arrests (not including workers' compensation arrests)	N/A	N/A	N/A	952
<del><b>Delete:</b> Number of insurance fraud investigations completed (not including workers' compensation cases)</del>	1,100	N/A	1,100	<b>Request Deletion</b>
<b>New Measure:</b> Number of worker's compensation insurance fraud arrests (not including general fraud arrests)		N/A		276
<del><b>Delete:</b> Number of worker's compensation insurance fraud investigations completed (not including general fraud investigations)</del>	400	N/A	400	<b>Request Deletion</b>
Number of cases presented for prosecution	750	1,242	750	<b>Adjust Standard</b> 1,260
<del><b>Delete:</b> Dollar amount of restitution ordered by the court as a percent of the amount recommended by the Department for fraud investigations, by year ordered</del>	70%	N/A	70%	<b>Request Deletion</b>
<del><b>Delete:</b> Dollar amount of recommended orders of restitution, per capita</del>	\$30,000	N/A	\$30,000	<b>Request Deletion</b>
<b>New Measure:</b> Court ordered restitution as a percentage of requested restitution.	N/A	N/A	N/A	70%
<b>New Measure:</b> Requested restitution as a percentage of annual appropriated budget.	N/A	N/A	N/A	200%

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<del>Revise Measure</del> - Percentage of <del>helpline call and service request audits</del> <del>consumer activities</del> that result in quality service	95%	88%	95%	<del>90%</del> <b>Adjust Standard</b>
<del>Revise Measure</del> - Percentage of consumers <del>satisfied with the service provided</del> <b>who rate the Division's services as good or excellent</b>	75%	84%	75%	75%
<del>Revise Measure</del> - Percentage of phone calls answered within <del>two</del> <b>four</b> minutes	90%	63%	90%	<del>80%</del> <b>Adjust Standard</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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Percentage of investigations submitted to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	90%	100%	90%	90%
<b>Request Deletion:</b> Percentage of investigations completed within 150 days of initiation	80%	N/A	80%	<b>Request Deletion</b>
Percentage of establishments and cemeteries inspected per fiscal year	100%	100%	100%	100%
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.	95%	100%	95%	95%
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.	95%	100%	95%	95%
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.	95%	100%	95%	95%



**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: Public Assistance Fraud	Code: 43500700

Approved Performance Measures for FY 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
<b>New Measure:</b> Dollar amount of benefits withheld, saved or recouped as a percentage of Public Assistance Fraud annual budget	N/A	N/A	N/A	300%
<b>New Measure:</b> Number of completed cases resulting in referral for disqualification or prosecution	N/A	N/A	N/A	2,400

## 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 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Percentage of first indemnity payments made timely	95%	94.9%	95%	95%
Number of claim files reviewed annually	86,000	92,547	86,000	86,000
Number of employer investigations conducted	30,000	34,780	30,000	30,000
Number of disputes resolved for injured workers by the Employee Assistance Office	2,600	1,557	2,600	Adjust Standard 1,500
Percentage of disputes resolved for injured workers by the Employee Assistance Office	55%	84.03%	55%	Adjust Standard 75%
Number of reimbursement requests (SDF-2) audited	5,200	4,195	5,200	Adjust Standard 2615
Number of reimbursement requests (SDF-2) paid	1,743	1,567	1,743	Adjust Standard 1,560
<b>New Measure:</b> Number of petitions for reimbursement dispute resolution resolved	N/A	5,624	N/A	6,190
<b>New Measure:</b> Percentage of the insurance industry's overall compliance of filing Workers Compensation Explanation of Bill Review (EOBR).	N/A	82.00%	N/A	78%
<b>New Measure:</b> Percentage of overall accepted workers' compensation claims Electronic Data Interchange (EDI) form filings	N/A	77.48%	N/A	79%
<b>New Measure:</b> Average number of workers' compensation employer investigations completed monthly	N/A	58	N/A	57



# Department of Financial Services

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

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

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

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

**Measure:** Percentage of closed files involving allegations of statutory violation 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 type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
92%	98.3%	6.3%	6.8%

**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:** The Division has performed above our projection and has raised the standard at least once. We strive to reach 100 percent in handling the cases included in this performance measure; however, the Division has five vacancies that it may not be able to fill, and caseloads are increasing. Thus, raising the approved standard at this time would be premature.

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

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

**Measure:** Information technology costs as a percentage 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%	5.94%	1.73	41.09%

**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:** In FY 2011-12 DIS costs were associated with its multi-year strategic plan to reduce costs, increase customer service and transform how the department does business. The FY 2011-12 IT costs were primarily associated with rebuilding the IT infrastructure, staff hires to address a 16% vacancy rate and improvements to customer service. The results of these rebuilding efforts are additional costs. The department's total costs were \$263,645,985 and the DIS costs were \$15,674,384. The plan is that DIS costs long-term will be less as the IT infrastructure is simplified and stabilized, in-house skills and capabilities are increased and reliance on contract vendors is reduced e.g. in FY 2011-12 IT contract costs were reduced by \$213,727.

**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 and standard were recommended by the Senate in FY 2006-07. DIS provides IT resources and services to DFS, OFR and OIR and is continually striving to improve the services it provides. Efforts to improve services may cost more in the short-term but the long-term goal is reduction of 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:** DIS continues to identify opportunities for process improvements and cost reductions to further improve this measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

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

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

**Measure:** Information technology positions as a percentage 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%	4.69%	1.36 %	40.84%

**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:** In FY 2011-12 DIS continued its goal of rebuilding staff from a 16% vacancy rate. Addressing its staffing requirements is part of DIS' multi-year strategic plan to reduce costs and increase customer services to support the transformation of how the department does business.

**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 measure and standard was recommended by the Senate in 2006. DFS provides IT resources and services to DFS, OFR and OIR and is continually striving to improve the services it provides.

**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 increase is related to DIS' efforts to rebuild staff in order to increase customer service and transform how the department does business. As DIS is stabilized management may consider the need to request a change in this measure

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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

**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
\$60	\$29.72	-\$30.28	50.46%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

The standard was established by the Senate in 2006. DIS' hourly rate is half the approved standard as DIS relies on state employees for system design and programming and less on IT services from third party contractors.

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

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

**Explanation:**

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

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

**Recommendations:** DIS identified all resources including programmers, supervisors, and the Bureau Chief that participate in system design and programming for the DIS Bureau of Enterprise Applications. DIS does not rely on external contractors and vendors which generally charge more per hourly rate. DIS recommends continuing to perform with state employees

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

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

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

**Measure:** Percentage of scheduled hours computer and network is 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%	99.97%	.02 %	.02001%

**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 reported by Solar Winds monitoring system which monitors DFS' IT infrastructure. Use of this tool provided documented, accurate, real-time available data. In addition restructuring of the network infrastructure provided increased performance.

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

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

**Measure:** Percentage 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 type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	96%	1%	1.052%

**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 has been working on a multi-year strategic plan to reduce costs and increase customer service. The increase in customer satisfaction is an indicator of DIS' efforts.

**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:**

Management will continue to implement its strategic plan to improve services and as part of that plan is considering possible changes to determine customer satisfaction.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

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

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

**Measure:** Percentage of scheduled hours computer and network is 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%	99.88%	.88%	.88%

**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 FLAIR infrastructure, network and support are stable and unavailable only for minimal amounts of time.

**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:** 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 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:**

Treasury does not control the amount of securities placed for deposit security service purposes. Since we cannot control the key feature of the measure, the measure is not appropriate and we recommend it be deleted.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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 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:**

The number of analyses performed does not reflect the timeliness of the performance. Therefore, we are recommending this measure be deleted and replaced with one that measures the timeliness of the analyses.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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 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:**

The number of account actions taken does not reflect the timeliness of the performance. Therefore, we are recommending this measure be deleted and replaced with one that measures the timeliness of the account actions taken.

## 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: (I) Internal liquidity investments

**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:**

We are recommending the measure be deleted. Industry standard is to measure investment performance over an investment cycle, such as three years. We are proposing replacing this measure with one that provides the performance for the Investment Pool over a three-year period.

## 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: (II) Internal bridge investments

**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:**

We are recommending the measure be deleted. Industry standard is to measure investment performance over an investment cycle, such as three years. We are proposing replacing this measure with one that provides the performance for the Investment Pool over a three-year period.

## 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: (III)  
Internal intermediate investments

**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:**

We are recommending the measure be deleted. Industry standard is to measure investment performance over an investment cycle, such as three years. We are proposing replacing this measure with one that provides the performance for the Investment Pool over a three-year period.



## 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: (IV) Medium term external portfolio

**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:**

We are recommending the measure be deleted. Industry standard is to measure investment performance over an investment cycle, such as three years. We are proposing replacing this measure with one that provides the performance for the Investment Pool over a three-year period.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

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

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

**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:**

Since the number of State employees has decreased over the past few years it is difficult to expect increases in the program. As a better measure, we are proposing replacing this one with one setting a target percentage of employees in the plan. This better represents a changing work environment.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

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

**Measure:** Percentage increase in deferred compensation contributions over previous year.

**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:**

Due to many factors effecting State employee salaries over the previous few years, it is difficult to expect increases in the program. As a better measure, we are proposing replacing this one with one setting a target percentage of employees in the plan. This better represents a changing work environment.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Accounting/43200100**

**Measure:** Percentage of vendor payments issued via electronic funds transfer (EFT) excluding onetime payments.

**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
29%	39%	10%	34%

**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 this period the EFT section was "loaned" additional staff to assist in the increased workload due to the increase in vendor EFT forms submitted.

**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:** During this period JAC made the requirement that all of their contractors/vendors would sign up for EFT. This more than doubled the number of vendors signing up per month for approx. a 6 month period.

**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:**

Revision Requested

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Accounting/43200100**

**Measure:** Percentage of retirement payments issued via electronic funds transfer (EFT)

**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
83%	88%	5%	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:** During this reporting period the Division of Retirement made an effort to have all of the recipients sign up for EFT.

**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:**

Revision requested

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Accounting/43200100**

**Measure:** ~~Number of Post-Audits and Management Reviews Completed~~

**Number of agencies audited for contract/grant manager's performance.**

**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
12	8	-4	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:**

LRPP Standard is outdated. Post audits are conducted differently and a new standard needs to be developed to properly measure this activity.

**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:**

Revisions Requested

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Accounting/43200100**

**Measure:** Number of Clerk of the Circuit Court financial reviews 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
33	6	-27	82%

**Factors Accounting for the Difference:**

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

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

**Explanation:** Vacant positions were put on hold while team assisted section in another bureau. Vacancies are being filled and reviews of clerks of the court offices have been resumed.

**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 type="checkbox"/> Other (Identify) |

**Recommendations:**

Revision of measure and standard requested

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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:**

- |  |  |
|--|--|
| <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
47%	60%	13%	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 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:** Each agency is responsible for monitoring their own outstanding warrants due to them having the contact information on the vendors. RDS reports are available for each agency letting them know of the warrants that are outstanding at 3 months for them to take action on.

**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:**

Revision Requested



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of 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 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.)~~ **Revise: Percentage of the total dollar amount of claims paid during the current fiscal year, compared to the prior year's receipts.**

**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
55%	60%	5%	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 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 Bureau has increased public awareness of the program and an overall increase in general awareness of unclaimed property have resulted in a larger amount of claims being filed and paid. The Bureau has set records each year in the total paid in claims.

**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 and standard to meet current volume the agency handles.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Measure:** Percentage 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 percentage of all accounts.)

**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
22%	15%	-7 %	31%

**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:**

Higher numbers of accounts and dollars being reported to the Bureau result in a higher numbers of claims and higher dollar value of claims paid. The Bureau has increased public awareness of the program and does reach a large number of accounts owners. The five percent variance is a result of consistent growth in 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:**

Revise measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
450,000 / \$163 million	1,428,102 / \$233,944,920	978,102 / \$70,944,920	217% / 43%

**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:**

Increase 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 federal laws) 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:**

Revision of standard requested.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
120,000 / \$90 million	289,729 / \$206,737,231	169,729 / \$116,737,231	141% / 130%

**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. Improvements in the bureau's proactive notification, as well as lowering the threshold of proactive notifications, have resulted in higher numbers of claims paid. 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:**

Revision of standard requested.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Measure:** Percentage of claims processed within ~~45~~ 60 days from date received (cumulative total)

**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
80%	44%	-36%	45%

**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 type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The Bureau is processing higher volumes of claims, and paying record amounts to citizens. Claims volume has increased more than 500 percent during the last ten years. However staff size has remained constant during the same period. With current volume and staff, this measure will be very difficult to achieve. The Bureaus does, however, continue to meet its statutory requirement to process 100 percent of claims within 90 days.

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

- |  |  |
|--|--|
| <input checked="" 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) <b>Volume</b> |
| <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 checked="" type="checkbox"/> Other (Identify) <b>Added efficiencies</b> |

**Recommendations:**

Revise measure and standard to meet current volume the agency handles.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

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

Measure: ~~Percentage of increase in the number of holders reporting unclaimed property this fiscal year compared to the number of holders reporting last fiscal year.~~

**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
10%	-26%	-36%	360%

**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:**

Measure is not a realistic measure that can be achieved. Cannot increase an amount (compounded annually) by a percentage each year. At ten percent, the total number of holders would double every seven years. Additionally, there is an attrition of holders each year, thereby causing the required measure to actually be far greater than ten percent to achieve the same results (when attrition is factored in).

**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:**

Delete measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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 type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
7,200	7,816	616	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 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:** Buildings being occupied and changes in a building's occupancy type are what cause the fluctuation in 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 type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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
1,500	1,908	408	27%

**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 vary based on the number of construction projects, the size of these projects, and the complexity of these projects.

**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:** Fire Marshal

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

**Measure:** Number of mandated regulatory 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
605	1,965	1,360	225%

**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 variance in this measure is attributed to economic growth or decline by the number of licenses that are renewed or applied for.

**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:** State 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
4,200	1,748	-2,452	58%

**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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Modification of this measure is proposed as the currently approved standard adversely influences both the quality of the inspections and encourages inspections of boilers which are required to be done by boiler insurance companies. Adjustment of the measure will allow limited Department resources to then conduct higher quality inspections, follow-up outstanding violations, and identify and capture unregistered boilers.

**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:**

Boiler insurance companies are required by Rule to notify the Department of any boiler insured (located in a place of public assembly) and are required by section 554.109, Florida Statutes, to inspect the same. In addition, the Department has proactively worked to identify boilers currently being inspected by the Department but in fact having boiler insurance. Companies insuring these boilers are identified, put on notice to conduct the required statutory inspections, and the work reassigned.

**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:** Develop new policies and procedures and realign Deputy Boiler Inspector activities to encourage the most cost effective way to ensure statutory compliance. Revise existing performance measures to reflect that goal.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

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

**Measure:** Number of construction plans reviewed

**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
700	564	-136	19.4%

**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 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:** Decrease in construction projects.

**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:**

No recommendations, anticipated construction will increase next FY.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: State 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 type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
8,000	7,197	-803	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 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):

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

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** ~~Percentage of arson arrests resulting in conviction~~

**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
87%	75%	-12%	13.79%

**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:** Modification of mechanisms to track conviction rates at 9 months into the fiscal year resulted in a decrease in this category.

**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:** Implemented performance measure related to the acceptance, rejection and successful prosecution of cases to provide more detailed information regarding our convictions.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Percentage 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%	33.7%	15.7%	87.2%

**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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:** During this time period more arson arrests were made by Bureau of Fire and Arson Investigations Detectives than the national average.

**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 current national average is 18 percent and is the established performance standard set by Fire Investigative Agencies nationwide. During this time period, our agency significantly exceeded the national average.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Percentage of above satisfactory ratings by supervisors of students' job performance from post-class evaluations of skills gained through training at the FSFC.

**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%	82%	-8%	8.9%

**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:** **Timing of survey requires alteration.**

**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:**

**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:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of examinations administered.

**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
8,000	5,972	- 2,028	- 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 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: Economic impact.**

**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:** Should return to normal as economy recovers.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Percentage of students passing certification exam on first attempt.

**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
85%	76.5%	- 8.5%	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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** Control over other teaching entities is limited.

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

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

**Recommendations:** Statute change and personnel needed.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: ~~Percentage of Students Rating Training Received at the Fire College Effective in Improving their Ability to Perform Assigned Duties~~

**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
85%			

**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 cannot be backed up with hard data and is problematic to track.

**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:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Number of Florida State Fire College Certification Programs submitted for National Accreditation or Re-Accreditation.

**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
8	6	-2	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 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: Limited certifications available.**

**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: Fire Marshal

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

Measure: ~~Number of evidence sample analyses/examinations processed and imaging services provided.~~ **The number of items analyzed chemically plus the number of imaging items processed.**

**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
13,300	15,325	2,025	+15.23%

**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:** The number of examinations we perform is controlled by the number of submissions made by external agencies. One agency is the Bureau of Fire and Arson Investigations (BFAI). They are our primary customer in chemical analyses and our exclusive customer in digital imaging. A review of their procedures found that many detectives had been storing their images locally and were not sending them here for archival. A typical month will see 1000 submissions. After encouragement by their management the detectives cleared their hard drives and we saw over 1,500 submissions in May 2012 and over 2,500 in June 2012. This accounts for the dramatic increase above the number predicted by 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:** We have partnered with BFAI management to provide them with periodic statistical breakouts of the numbers of digital images submitted by their detectives. This will ensure that investigators routinely submit their images and such a large influx of items will be avoided. Revise measure and standard.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims Program

**Service/Budget Entity:** State Self-Insured Claims Adjustment

**Measure:** Average operational cost per claim worked

**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 type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$239	\$836	\$597	+250%

**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:**

Effective July 1, 2010, the 2010 GAA appropriated an additional \$41.7 million in Operating Appropriations that in previous fiscal years were paid from the Non-Operating Loss Payments Component as the contracts and legal costs were considered a claim loss. The Operating categories and their increases were 100777 –Contracted Services, \$16.0 million; 100904 – Contracted Legal – Attorney General, \$4.3 million; and 100905 – Contracted Legal Services, \$21.4 million. Again, in the 2011 GAA, the Operating categories included the Contracted Services, Contracted Legal-Attorney General and Contracted Legal Services. This continues to increase the operating costs, resulting in a significant increase to average cost per claim worked.

The Actual Performance Results measure is calculated by dividing the sum of the operating expenditures categories (see below) by the number of claims worked 26,132. While our operating costs have increased significantly, contributed by additional appropriation in the Contracted Services category, the number of claims worked has slightly decreased.

Operational Categories

Salaries and benefits - 010000

FY 2011-12  
Appropriations  
\$ 5,683,262

Other personal services - 030000	\$ 35,000
Expenses - 040000	\$ 887,025
Operating capital outlay - 060000	\$ 1,805
Contracted Services -100777	\$15,210,951
Transfer to DMS/HR Outsourcing - 107040	\$ 37,226
	<u>\$21,855,269</u>

**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 the standard for this measure be increased to \$2,016 for FY 2013-14 via the submission of Exhibit IV. Additionally, we request that the measure be revised to include the new operating categories Attorney General Fees & Expenses, Contracted Attorney Fees & Expenses, Excess Insurance & Claim Services and Risk Management Insurance and Lease or Lease/Purchase of Equipment in the calculations. We have included them in the calculation for the Requested FY 2012-13 Standard on Exhibit II.



## 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:** Average cost of Workers' Compensation claims paid

**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 type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$5,229	\$6,380	\$1,151	22%

**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:**

Additional staff is needed for improved efficiency in handling medical only claims.

**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 checked="" type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Several external factors, including medical inflation, the yearly increase in supplemental indemnity payments, and challenges associated with settling files, will continue to cause an upward trend in this number.

**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) |

External factors stated above are not within management's direct control. However, management has reorganized the WC claims bureau to better manage the higher than industry average volume of claims administered by DRM.

**Recommendations:**

## 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 employee Workers' Compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employee 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
\$1.20	\$1.39	\$0.16	13%

**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:**

Additional staff is needed for improved efficiency in handling medical only claims.

**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 checked="" type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Several external factors, including medical inflation, the yearly increase in supplemental indemnity payments, and challenges associated with settling files, will continue to cause an upward trend in this number.

**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) |

External factors stated above are not within management's direct control. However, management has reorganized the WC claims bureau to better manage the higher than industry average volume of claims administered by DRM.

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims Program

**Service/Budget Entity:** State Self-Insured Claims Adjustment

**Measure:** Average cost of federal civil rights 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 type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$44,226	\$31,404	-\$12,822	-29%

**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:**

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 10 years: \$47,646; \$32,440; \$37,898; \$34,022; \$38,515; \$50,073; \$68,951; \$27,120, \$31,210, and \$31,404. As noted in "External Factors", we have very little control over this average which depends on the number of claims we receive and the severity of these claims. The average has been lower in the last three fiscal years compared to FY 08/09 but as noted, this average is really not predictable and is used by management for informational purposes only.

**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 type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

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. We have minimal control over these factors.

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 some 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 2008-09 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 did not expect this increased average to continue and it has not. 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. A lower average is better for the state. The approved standard for FY 2012-13 is \$44,226. Given the unpredictability of this measure, we do not recommend a change in this standard and we will be happy if the result is lower. We are currently handling one FCR claim that we expect to pay in FY 2012-13. If we pay this single claim, it is likely our average for FY 2012-13 will far exceed \$44,226 but making FY 2012-13 an outlier as far as trends.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims Program

**Service/Budget Entity:** State Self-Insured Claims Adjustment

**Measure:** Average cost of property 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
\$3,300	\$9,069	\$5,769	+175%

**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 average cost of property claims paid is simply the total amount of money paid on property claims during the fiscal year divided by the number of claims paid. Generally, the more claims you pay the better chance that the average will be lower. We have not received a large number of property claims since FY 2005-06 (the last year that hurricanes hit the state). Consequently, the average cost of a property claim has been increasing and is now up to \$9,069. We have virtually no control over this average as it depends on the number and severity of the claims we receive. We consistently request this average be increased but it has not been.

**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:**

As noted in "Internal Factors", we have virtually no control over this average as it depends on the number and severity of the claims we receive.

**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 we have very little control over this average, all management can do is try and recommend a realistic standard. Based on current estimations and assuming no catastrophic losses, we recommend this standard be increased to \$9,000. This average is used by management as information only and does not reflect on work performance by the property claims unit.

## 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:** Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made

**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	260	80	44%

**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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The actual performance results for FY 2011-12 were better than the approved standard, which has not changed in several years. The Division's loss prevention staff has increased from 5 staff members in previous years to 8 staff in FY 2011-12, which allows for more training and consultation to take place. Also, the Division began an increased emphasis on loss prevention activities in 2008, which has led to more training and consultations taking place.

**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:** We will monitor this output measure and will request the standard be revised if we continue to greatly exceed the measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims Program

**Service/Budget Entity:** State Self-Insured Claims Adjustment

**Measure:** Number of liability 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
5,430	4,888	-542	-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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The number of claims worked is the sum of the number of claims on hand at the beginning of the fiscal year (backlog or pending) plus new claims received (entered) during the fiscal year. This is a measure of the amount of work performed or workload. Risk Management has minimal control over how many claims we receive each year. We have more control over how many claims are in our backlog or pending count at the start of the fiscal year but the ability to close claims is mostly determined by the severity of the claims we receive which we cannot control. It is difficult to estimate this measure as we cannot control the numbers used to calculate the measure.

The primary reason we did not meet this standard for FY 2011-12 (we missed by 542 claims) was that we received 135 fewer claims in FY 2011-12 than we did in FY 2010-11. Further, in September 2008, we requested this measure be revised to 5,181 based on our projections but the standard was not changed and left at 5,430. We request this measure be revised to 5,048 which is the average of the last three 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 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 claims worked is the sum of the number of claims on hand at the beginning of the fiscal year (pending) plus new claims received (entered) during the fiscal year. A key component of this measure is the number of new claims received.



The Bureau has minimal control over the number of new claims received during a fiscal year. We can control to some extent the number of pending claims at the start of the fiscal year but this is mostly determined by the severity of claims received which we cannot control.

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

- Training
- Personnel

- Technology
- Other (Identify)

**Recommendations:**

As noted above, the Bureau has minimal control over the two key components of this measure – the number of new claims received and the severity of these claims. Therefore, no management efforts are required. The fewer claims received is really a positive development for the State of Florida as it means fewer claims are being filed and less money paid than would be paid otherwise. Also, the bureau strives to reduce the number of pending cases which reduces the number of claims worked, as this tends to reduce the number of claims on hand at the beginning of the fiscal year (pending). This measure provides valuable information to management about the amount of worked performed. We will continue to do our best to request realistic standards and meet the approved standards.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims Program

**Service/Budget Entity:** State Self-Insured Claims Adjustment

**Measure:** Number of state property loss/damage 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
275	101	-174	63.2%

**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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Due to the fact that there were no major hurricanes to hit the State of Florida in FY 2011-12 the actual number of claims received was much lower than anticipated. As a result we are requesting this standard be lowered. The property section also began to use a very stringent evidence-based method of reviewing lightning loss claims, which have historically been the most common non-hurricane type of property claim filed with the Division, and provided training to state agencies and universities on how to file lightning claims. The more stringent review of lightning claims and other claims and associated agency training resulted in fewer claims requests being accepted as viable claims.

**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:**

In addition to the internal factors mentioned above, the state simply did not incur the number of property losses usually incurred in a year's time. No catastrophic losses were reported.

**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 recommend that the current standard of 275 claims worked per year be reduced. We note in the LRPP Exhibit II that this standard is slated to be adjusted to 140 in FY 2012-13. Based on the numbers we are experiencing, we recommend this standard be revised to 120. Since we have no control over this number, all management can do is try and recommend a realistic standard. This number is used by management for workload information and does not reflect on the quality of work performance by the property claims unit.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Percentage of companies with only class 3 or higher claims closed within 2 years after all **asset collection activity, including** litigation, is concluded and all objections have been resolved

**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
90%	100%	10 %	11 %

**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:** 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. Upon further review of this measure, the Department determined that revision was needed to this portion of the measure to better reflect that the Department needs to complete all asset collection activity, including litigation, prior to making final distributions and closure of a receivership, particularly for receiverships involving workers' compensation claims in which full reinsurance recovery may take a number of years following the resolution of litigation, claims issues, etc. For this reason, the Department is proposing the following highlighted revisions to this portion of the measure: "**closed within 2 years after all asset collection activity, including litigation, is concluded and all objections have been resolved.**"

**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:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percentage 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%	85.80%	-4.2 %	4.6 %

**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 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 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.

**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:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percentage of appraised value of assets liquidated for personal 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
75%	100%	25 %	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 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 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 or more than the appraisal value.

**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:** Licensing and Consumer Protection  
**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200  
**Measure:** Percentage of licensees disciplined

**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
7%	8.35%	+1.35%	19 %

**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:** Over 95% of the disciplinary actions taken are due to a licensee's failure to comply with Continuing Education requirements. System changes introduced over the past couple years have allowed us to be more aggressive in our continuing education enforcement, which results in more disciplinary actions against licensees.

**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 cannot determine how many licensees will be disciplined; we can only do our best to deter them from breaking the law.

**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 will continue to be proactive in deterring licensees from breaking the law by continuing to publish summaries of enforcement actions taken in our monthly newsletter and providing compliance advisories to licensees when we notice a trend or when new legislation goes into effect. We will continue to send reminder notifications providing warnings that failure to meet certain requirements will result in administrative action. New legislation was passed during 2012 session that simplified the continuing education standards. This should result in better compliance.

**JUSTIFICATION FOR DELETION:** We have proposed a new measure that will look at the number of licensees disciplined for practice violations. This will better measure the effectiveness of our licensing process by looking at the violations that can or have resulted in consumer harm.



## 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:** Percentage of licensees complying with continuing education 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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	73.75%	-1.25%	1.67%

**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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:** System changes introduced over the past couple years have allowed us to be more aggressive in our continuing education enforcement.

**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:** We cannot control how many licensees comply with continuing education. When many licensees retire or change jobs, they do not cancel their license, they allow it to expire by not completing their continuing education requirements.

**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 will continue to send reminder notifications as licensees near their continuing education deadline. New legislation passed during 2012 session simplified the continuing education standards for our licensees. This should result in better compliance.

**JUSTIFICATION FOR DELETION:** This measure captures the percentage of Licensees complying with Continuing Education requirements. This measure is not an actual reflection on our performance, as we cannot control who takes their Continuing Education courses. We feel that the results of this measurement have reached a consistent level. Our newly proposed measures will better track the performance of the division.

## 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:** Percentage of completed investigations recommended for formal action that result in an action.

**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 captures the number completed investigations recommended for formal disciplinary action that resulted in an action. The Division of Agent & Agency Services has very little control over the final disposition once it is recommended for formal action as we rely on another division to complete the administrative action or issue a final order. We feel that by deleting this measure and using our newly proposed measures, we can better capture our Division's performance.

## 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:** Percentage of investigations completed within 130 working 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

**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 captures the number of investigations completed within 130 working days. We propose deleting this measure because we feel that setting a time limit could encourage the premature closing of an investigation. Our newly proposed measures will capture our efficiency in investigations by looking at the average cost per enforcement action and average number of investigations completed per investigator, rather than how long each investigation took to complete.

## 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:** Percentage of applications processed within seven working 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

**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 captures how many license applications are processed within 7 working days. We are consistently meeting our goal for this measure, so we feel it is better to track this internally moving forward. This measure only looks at one portion of licensing rather than looking at everything the Division handles to measure our efficiency. We feel that by deleting this measure and using our newly proposed measures, we can better capture the overall performance of the Division of Agent & Agency Services.

## 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:** Percentage of satisfaction of Customer Contact Center services

**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 captured the satisfaction level of our customers who contacted our Customer Contact Center for assistance. In July 2011, this unit was transferred to the Division of Consumer to consolidate the two phone centers. Since this program is no longer a part of the Division of Agent & Agency Services, we propose deleting this measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Percentage of insurance fraud cases presented for prosecution by law enforcement investigators

**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:**

Deleted measure to be consistent with the amended direction of the Division

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Number of insurance fraud investigations completed (not including workers' compensation cases)

**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:**

Deleted measure to be consistent with the amended direction of the Division

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Number of worker's compensation insurance fraud investigations completed (not including general fraud investigations)

**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:**

Deleted measure to be consistent with the amended direction of the Division



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Licensing and Consumer Protection  
**Service/Budget Entity:** Insurance Fraud/43500300  
**Measure:** Number of cases presented for prosecution

**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 type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
750	1242	492	65.6%

**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 checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify)  |

**Explanation:** More and improved opportunities for training. Higher level expectations and more accountability required from division administration

**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:**

Revised standard to be consistent with the amended direction of the Division

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Dollar amount of restitution ordered by the court as a percentage of the amount recommended by the Department for fraud investigations, by year ordered

**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:**

Deleted measure to be consistent with the amended direction of the Division

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Dollar amount of recommended orders of restitution, per capita

**Action:**

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

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

**Explanation:**

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

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

**Explanation:**

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

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

**Recommendations:**

Deleted measure to be consistent with the amended direction of the Division

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of ~~Consumer Activities~~ **Helpline Call and Service Request Audits** that result in quality service

**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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	88%	-7 %	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:** This measure reflects the percentage of activities performed by Division staff that result in quality service to insurance and financial services consumers. This measurement is important in determining the Division's overall quality of service. An internal audit program was established to promote self-regulation by reviewing and measuring the quality and quantity of work produced by Division staff. Audits are conducted on requests for assistance and helpline calls.

The previous standard was incorrect and a request to revise the FY 2011-12 standard was submitted. However, that request was not approved. The actual performance results are more aligned with the requested revision.

Also, to ensure the measure is precise and clearly stated, a request to revise the wording of the measure has been submitted.

**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:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of consumers who rate the Division's services as good or excellent ~~satisfied with the service provided~~

**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%	84%	9 %	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The Division of Consumer Services answers consumer questions and responds to consumer requests for assistance and complaints regarding their insurance companies. Oftentimes, consumers rate the Division's level of service based upon the resolution of their complaint, regardless of how well the Division staff performed.

Even though the Division exceeded the approved performance standard for FY 2011-12, actual performance results will always fluctuate due to the Division's inability to control the outcome of the consumer's complaint and the high probability of consumers to link the outcome of their complaint to the Division's level of quality service. As a result, the Division requests to retain the approved standard.

However, to ensure the measure is precise and clearly stated, a request to revise the wording of the measure has been submitted.

**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:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of phone calls answered within two ~~two~~ **four** minutes

**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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	63%	- 27 %	30 %

**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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The Division of Consumer Services answers questions and assists consumers with insurance company complaints received through the Department's Consumer Helpline.

During FY 2011-12, only 63 percent of calls were answered within two minutes due to a reduction in staff positions as a result of budgetary reductions, high rate of employee turnover and an increase in call volume. Due to the increased call volume and the reduced number of Helpline specialists available to answer calls, consumers are waiting on hold for as long as 5-7 minutes to speak with an Insurance Specialist.

A request has been submitted to revise the measure from the percentage of calls that are answered within two minutes to the percentage of calls that are answered within four minutes. The proposed revision aligns with call center industry standards, which indicate 95 percent of calls should be answered within three minutes and 99 percent of calls should be answered within 5 minutes.

**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 checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:**

The Division plans to fill all of the vacant Helpline Specialist positions which will increase the number of specialists that are available to answer calls. Additionally, the Division is in the process of developing an Interactive Voice Response (IVR) System that will enable callers to utilize a self-service function to obtain the information they need without speaking with a specialist. Further, the Division has redesigned its website to make more information easily accessible for consumers, including the capability for consumers to file insurance complaints through the website.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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:**

- |  |   |
|--|---|
| <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
90%	100%	10 %	11 %

**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 checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)             |

**Explanation:** Division management continues to provide internal training of field staff and also coordinate with agency legal staff to provide periodic training of field staff in an effort to improve the quality of investigations.

**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 checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Division has consistently improved each year regarding this measure. It is recommend that the approved standard be increased to 92%.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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:**

- |   |   |
|---|---|
| <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
80%	N/A	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:** Due to inability to track this measure as a result of IT limitations, it is recommended that this measure be deleted.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** 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.

**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
95%	100%	5 %	5 %

**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 checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect     | <input type="checkbox"/> Other (Identify)             |

**Explanation:** Division management continues to balance competing requirement to complete examinations and move those examinations with findings through the disciplinary process.

**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:** Department of 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
95%	100%	5 %	5 %

**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 type="checkbox"/> Other (Identify)  |

**Explanation:** Division management continues to balance competing priorities in completing funeral establishment inspections and either ensuring those inspection findings are corrected or as appropriate, moved through the disciplinary process. The Division management also continues to provide training to assist field staff as they perform these inspections.

**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: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of claim files reviewed annually

**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
86,000	92,547	6547	7.61%

**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 Bureau of Monitoring & Audit, Penalty Section received an increased number of filings in the Centralized Performance System. Filings are based on the frequency and severity of workers' compensation claims occurrences throughout the State of Florida.

**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:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of disputes resolved for injured workers by the Employee Assistance 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 type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2,600	1,557	- 1043	40 %

**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:** Last year we requested a change to 1,900 which was more realistic at that point in time. Since the overall number of disputes has continued to decrease, we are now requesting a change to 1,500 which is more realistic based on results for this past year. The overall number of workers' compensation lost time claims also continues to slightly decline.

**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:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Percentage of disputes resolved for injured workers by the Employee Assistance Office

**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
55%	84%	29 %	53 %

**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 Employee Assistance and Ombudsman Office (EAO) enhanced their computer system to effectively track disputed issues. The enhancement enabled EAO to capture specific data related to each dispute and its resolution. Last year we requested a change to 70 percent which was more realistic at that point in time. We are requesting a change to 75 percent to reflect a more accurate estimate based on results from this year.

**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:** 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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,200	4,195	-1005	19 %

**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 elimination of the historical backlog, in conjunction with the reduction in the number of requests submitted, has resulted in fewer audits conducted than the number provided in 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 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:** Due to the prospective abolishment of the SDTF program, which provided for no new dates of accident after December 31, 1997, the number of audit requests submitted continues on a downward trend.

**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 worked through our backlog during FY 2011-12. We currently have only 368 in the queue, awaiting first audit. As a result, we anticipate a dramatic decrease in the number of audits being performed by each specialist in the coming years, as the number of new requests continues on a downward trend. Accordingly, the standard has been revised downward for FY 2013-14.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of 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
1743	1567	-176	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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** Requested that standard be reduced to 1,560 in 2011, based upon a revised audit process and the anticipation that payments would be made at a pace much more contemporaneous to the specialists' approval of the request.

**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:**

Some checks returned by Employer/ Carriers to SDTF for reissue, thereby reducing the number of requests paid in the months of the original issuance.

**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:** Requested that standard be reduced to 1,560 in 2011, because the number of payments made in the coming years is anticipated to decline as the number of new requests continues on a downward trend. Accordingly, the standard has been revised slightly downward for FY 2012-13.



# Department of Financial Services

## Performance Measure Validity and Reliability—LRPP Exhibit IV

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

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

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

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

Administrative costs represent approximately 4.12 percent of the Department's total budget. The Department total budget is \$304.2 million and administrative costs total \$12,517,905. Data was retrieved from the Department's Budget Office.

**Validity:** The purpose of the measure is to determine the percentage of administrative costs. The methodology used to calculate the measure is appropriate for the measure's intended purpose; it is the Division of Administration's costs divided by the Department's total budget.

**Reliability:** Data for this measure is provided on a monthly basis from the Department's Budget Office and from the People First System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

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

Measure: Administrative positions as a percentage 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:

Administrative positions represent approximately 5.68 percent of the Department's total FTE. The Department total FTE is 2,705 and administrative positions total 153.50. Data was retrieved from the People First System.

### Validity:

The purpose of the measure is to determine the percentage of administrative positions. The methodology used to calculate the measure is appropriate for the measure's intended purpose; it is the number of FTE's in the Division of Administration divided by the Department's total number of positions.

### Reliability:

Data for this measure is provided on a monthly basis from the People First System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

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

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

**Measure:** Percentage of Department employees responding to an annual survey who indicate overall satisfaction with the Division of Administration 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:**

An electronic annual survey is distributed to all Department employees (customers). The survey is anonymous and voluntary. The results of the survey are compiled with the use of an online survey tool and distributed to management for action.

### **Validity:**

The survey is administered through an online survey tool. The survey respondents are not tracked (anonymous) and it is a voluntary activity. The survey is done annually. Respondents rate their level of satisfaction based upon a 1 - 5 scale as follows:

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly Disagree

Administration believes the methodology used to calculate this measure is appropriate for the measure's intended purpose.

### **Reliability:**

The survey results are based on the perceptions and experiences of the Divisions' customers. All results are housed electronically and password protected. The Divisions' mission is to deliver value to its customers by providing efficient and effective financial, human resource and operational services. Annually surveying the Divisions' customers provides insight to the Division achieving its mission.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

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

Measure: Percentage of appointment (hiring) packages processed within the five day time standard.

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:

Vacant positions are advertised and the selection process is executed by the recruiting manager. Once a candidate recommendation is made, the recommendation and paperwork are forwarded to Human Resources (HR) for processing. The HR Office performs due diligence tasks that include but are not limited to a verification of experience and education for the recommended candidate, review of compliance with state and federal statute, Department policy, etc. An audit performed by the Inspector General Office indicated that the due diligence process should be accomplished within five workdays. In doing so, the Department can more quickly have new talent placed in vacant positions. This measurement reflects the percent of appointment (hiring) packages that meet or exceed the established time standard.

### Validity:

The purpose of the measure is to determine the percentage of appointment (hiring) packages that meet or exceed the processing time standard. The measurement is reported monthly. The methodology used to calculate the measure is appropriated for the measure's intended purpose.

### Reliability:

Data for this measure is provided on a monthly basis from a manual tracking method. The data is input into an electronic dashboard. An audit sampling of the manual process is an internal control.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

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

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

**Measure:** Percentage 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 (Client Profiles), 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 is 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 Florida Statutes)

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 legal 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 possible because witnesses are not available, the violation did not cause consumer harm or the cost of prosecution far outweighs the discipline.

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 data indicating that a violation referred to Legal Services resulted in disciplinary or corrective action.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Information technology costs as a percentage 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:

Data is tracked and provided by the DFS Budget Office. BE 43010300 costs represent approximately 5.54 percent of DFS' budget. The agency total costs were \$274,009,460 and the DIS costs were \$15,184,934.

### Validity:

The purpose of this measure is to determine what percentage of total agency costs are allocated to IT. The methodology used to calculate this measure is to track IT disbursements and DFS disbursements and calculate the ratio. DIS believes the methodology is appropriate for the measure's intended purpose.

### Reliability:

Data for this measure is tracked by the DFS Budget Office and provided to DIS.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Information Technology positions as a percentage 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:

Number of FTEs:

DFS:

2,745.50 July 1, 2010 through November 30, 2010

2,808.50 December 1, 2010 through June 30, 2011

BE 43010300

111 July 1, 2010 – June 30, 2011

### Validity:

Data tracked and provided by DFS Budget Office.

### Reliability:

Data tracked and provided by DFS Budget Office.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

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

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

**Measure:** System design and programming hourly 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:**

DIS identified all resources including programmers, supervisors, and the Bureau Chief that participate in system design and programming for the Bureau of Enterprise Applications. DIS' hourly rate is nearly half the approved standard which was established by the Senate in 2006. DIS relies on state employees for system design and programming and not external contractors and vendors who generally charge more per hour.

**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:**

Costs were provided by the DIS Administrative Services which includes DIS' HR and Budget Office and have the expertise to develop the costs for this measure.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

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

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

**Measure:** Percentage of scheduled hours computer and network is 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 percentage of scheduled hours computer and network is available, DIS made the following calculations. Percentages were separated by Non-FLAIR applications and network. Note: Unscheduled downtime was factored in the calculations.

Mainframe: 100 percent Non-FLAIR applications

Computer & Network: 99.87

### **Validity:**

The purpose of this measure is to determine the percentage of scheduled hours that computer and network is available. DIS believes the methodology used is appropriate for the measure's intended purpose.

### **Reliability:**

Results are manually recorded and calculated for mainframe by experienced systems staff. Network availability was recorded by automated tools. Automated software monitoring tools provide a consistent and reliable method of collecting information and calculating the results.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Percentage 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 developed and automated customer surveys from the Remedy Help Desk application. Remedy sends surveys via email to resolved Help Desk calls and records the results. Per DIS request OPB approved change in standard to 95 percent

### Validity:

The customer satisfaction survey rating scale is from 1-5. DIS' goal is to earn a rating of 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 via analysis of the survey responses.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Consumer Advocate/43010400

Measure: Percentage of referred cases responded to and/or transferred within 10 days of receipt.

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 was collected from our internal system that is used to log consumer complaints. The following methodology was used to determine the applicable rates. Our office ran all cases that were received from July 1, 2011 - June 30, 2012. This included all inquires received via telephone, fax, e-mail, or through the Insurance Consumer Advocate (ICA) inbox. The total number of cases was 386. Within this subset, 100 percent of the total cases were responded to, and/or referred, within 10 days.

### Validity:

These numbers are maintained by a senior manager in the office and are logged into the office's internal tracking. We are confident that the numbers are a good measure as they are verifiable by anyone in the office by logging on to the tracking system. Additional protections are provided by the fact that several people in the office actually process the cases so that each person could independently confirm the number of cases received and outstanding.

### Reliability:

These numbers are reliable because the each person who receives a case is immediately required to make contact with that individual and then log the case into the tracking system. Because cases are forwarded to staff members from either the Insurance Consumer Advocate or Senior Management Analyst, cases cannot be hidden. Also, a review of the tracking system is performed each month to monitor the status of each case that was received. This process can be used each year as a comparative measure because the system will remain the same for the foreseeable future.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

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

**Service/Budget Entity:** Consumer Advocate/43010400

**Measure:** Percentage of rate filings subject to public hearing which were reviewed by our 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:**

All data was sourced from either the Office of Insurance Regulation (OIR) or internally from sources at the Office of the Insurance Consumer Advocate. The office performed its statutory duties of reviewing all rate filings requiring a public hearing and, where appropriate, decided to appear at those hearings. This policy is reflected in the data that follows. The total number of rate filings from OIR was 21,972 for FY 2011-12. Of these, 12,358 were Property & Casualty with the remaining 9,614 being Life & Health. Of these rate filings, ten met the statutory requirements to require a public hearing. This office either reviewed or participated in all ten hearings. Based on these numbers this office participated in (10/10) 100 percent of the rate hearings, .08 percent (10/12,358) of all property and casualty filings, and (10/21,972) .05 percent of all rate filings.

### **Validity:**

The validity of these numbers can be traced to OIR. OIR is required to publish reports on its activities and must ensure that their numbers are accurate. With respect to the public hearings, these are easily verified by checking public records as each public hearing is announced in the public. The efforts of this office can be verified by checking project lists. As each public hearing is announced this is added to the internal project list and assigned to a project team. This team must then coordinate with OIR and review the filing and determine if this office should intervene at the public hearing. On some occasions the office decided to intervene in others it did not.

### **Reliability:**

The numbers are reliable because OIR is required to keep a detailed list of all filings which must be verified in their department. This process will continue into the foreseeable future. The public rate filings will continue in the future and will continue to require public notice in the future. Thus, this offices ability to track how many rate hearings take place will continue. The measures that were taken this year will continue to be relevant in the future.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology-FLAIR Infrastructure/43010500

Measure: Percentage 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 percentage of scheduled hours computer and network is available, DIS made the following manual calculations.

Mainframe: 100 percent FLAIR applications

Flair production scheduled online hours are 7:00 am to 7:00 pm Monday – Saturday.  
Flair is down on holidays.

Flair was not available:

11/24/10 for 17 minutes

12/27/10 for 3 minutes

365 days – 111 days weekends and holidays = 254 days scheduled

254 days times 12 hours = 3,048 hours total

3,048 – 0.33 hours down = 3047.67 hours available

$3047.67 / 3,048 = 99.99$  percent available for Flair

### Validity:

Data provided for this performance measure was manually calculated by experienced systems staff.

### Reliability:

Results are manually recorded and calculated for computer and network availability hours by experience systems staff.

To remove human element automated software monitoring tools will provide a consistent and reliable method of collecting information and calculating the results.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

Service/Budget Entity: Deposit Security/43100200

Measure: Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analyses cycle.

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 analysis cycle starts with the receipt of the quarterly rankings from two different providers. The data is input in the Collateral Administration Program (CAP) and CAP generates a system recommended pledge level change report for consideration based on the ranking scale of 0-100. CAP also compiles a four quarter ranking trend report based on the previous levels and a list of Qualified Public Depositories (QPDs) that are currently under an Alternative Participation Agreement or that are withdrawing from the program. A master watch list is then prepared with those QPDs that have fallen the farthest in ranking. These QPDs are considered first. Other factors are also taken into consideration for inclusion on the review list, including QPDs with improved rankings which could result in their pledge levels being reduced.

### Validity:

The measure is important because it ensure the appropriate collateral levels are maintained in a timely manner.

### Reliability:

The ranking information comes from the two very highly regarded industry ranking services that analyze the data collected from the financial institutions quarterly reports.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

Service/Budget Entity: Deposit Security/43100200

Measure: Percentage of Collateral Administrative Program transactions completed within three business 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:

Collateral administration staff is responsible for over 50,000 transactions per year that include account set-up, validation of acceptable collateral, pricing or valuation, under pledged deficiencies, pledge level changes, account and custodian confirmations and monthly price updates. Total value of the pledged assets average approximately \$13 billion held in over 2,200 accounts.

### Validity:

Confirmation data on all transactions are tracked within CAP and each account is monitored by a 3<sup>rd</sup> party for status and reported to direct supervisors on a monthly basis.

### Reliability:

The process is tracked from start to finish within the Collateral Administration Program (CAP) and begins with the receipt of the action request. The request can start either by physical mail, email, fax, internal memo or a system generated response to pricing changes. Once received all physical documents are scanned and entered into the CAP program for assignment to staff for processing.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

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

Measure: Amount by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.

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 Treasury has established an appropriate benchmark to compare to the performance of the Investment Pool. The benchmark is a hybrid of industry standard benchmarks that best represent the strategies of the Investment Pool. The benchmark and Investment Pool performance is provided by our Custodial Bank per a contractual requirement.

### Validity:

We verified the performance information against information provided by our Investment Consultant.

### Reliability:

The information is provided by industry sources and our custodial bank which is recognized as an industry leader in this area.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Treasury

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

**Measure:** Percentage of core accounting processes that meet established deadlines and standards for accuracy.

**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 core accounting processes have been identified as the monthly apportionment of interest, the monthly auction of funds to qualified public depositories, submit monthly information to the Investment Pool's rating agencies, monthly bank reconciliations, monthly investment reconciliations and the verification of agency deposit information.

Due dates have been established for each process. The date the process is complete is logged into a schedule which is compared to the due date to determine if the process was performed on time. Errors in the process would also be logged into the schedule.

### **Validity:**

Management reviews the schedule monthly and reports the outcomes to upper management.

### **Reliability:**

All the information is maintained by Treasury staff and reviewed by Management.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

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

Measure: Number of cash management consultation 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:**

Consultations are performed by treasury staff and logged into a project tracking report. The report is presented and reviewed by the supervisor monthly.

**Validity:**

Provides recognition for the work done relating to these reviews. These reviews provide benefits to state agencies by making their processes more efficient and compliant with contract and industry standards.

**Reliability:**

The information is reviewed by the supervisor who is also active in the reviews.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Treasury

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

**Measure:** Percentage of State employees participating in the State Deferred Compensation Plan.

**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, Florida Statutes, assigns the CFO the responsibility for administering the Internal Revenue Code 457(b) Plan. The Bureau of Deferred Compensation makes available to all state employees a secure, well diversified and proficiently administered voluntary supplemental retirement plan in compliance with Section 457(b) of the Internal Revenue Code.

The Bureau of State Payroll within the Department of Financial Services provides the number of filled State positions. The program's record keeper provides the total number of State employees participating in the program. These are the amounts used to calculate the percentage of State employees participating in the program.

### **Validity:**

This measure identifies the percentage of current state employees participating in the deferred compensation program. The percentage of employees investing in the plan is an excellent indicator of how many State employees are taking extra steps to improve their retirement years. The higher the percentage, the more State employees that will be better prepared for retirement.

### **Reliability:**

The information is based on actual payroll data from the Bureau of State payrolls.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency

Accounting/43200100

Measure: Percentage of vendor payments issued via electronic funds transfer (EFT) **excluding onetime payments.**

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 revision is being requested to change the approved standard for this measure to 39 percent. The methodology for maintaining the data will remain the same.

### Validity:

The request to increase this standard reflects the sustained increase.

### Reliability:

The data sources required to track this measure are proven and reliable.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency

Accounting/43200100

Measure: Percentage 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:

A revision is being requested to change the approved standard for this measure to 92 percent. The methodology for maintaining the data will remain the same.

### Validity:

The request to increase this standard reflects the sustained increase.

### Reliability:

The data sources required to track this measure are proven and reliable.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency

Accounting/43200100

Measure: Percentage 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:

A revision is being requested to change the approved standard for this measure to 92 percent. The methodology for maintaining the data will remain the same.

### Validity:

The request to increase this standard reflects the sustained increase.

### Reliability:

The data sources required to track this measure are proven and reliable.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

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

Measure: ~~Number of Post-Audits and Management Reviews Completed~~  
REVISE TO – Number of agencies audited for contract / grant managers performance

**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 related to conducting Agency Audits for Contract / Grant Managers Performance. Each month all completed Audits will be monitored and the Bureau will provide a monthly progress report.

### **Validity:**

Agencies Audits for Contract / Grant Managers Performance are one of the major components of the Bureau's strategies to improve internal controls over payment processing. Management Reviews, other Bureau activities 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: Department of 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 Auditing, Article V section, has been given responsibility to ensure compliance from each of the Clerk of Circuit Courts in the 67 counties of the State of Florida. A revision is being requested to change the approved standard for this measure to 22 Annual Reviews Conducted.

### 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 Statutes. A revision is being requested to decrease this standard due to the decrease in staff over the past several years.

### Reliability:

This measure is straightforward and readily available and the measure can be consistently applied over a three 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: Department of 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:

A revision is being requested to change the approved standard for this measure to 60 percent. The methodology for maintaining the date will remain the same.

### Validity:

The request to increase this standard reflects the sustained increase of warrants outstanding.

### Reliability:

The data sources required to track this measure are proven and reliable.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency

Accounting/43200100

Measure: Percentage of Office of Fiscal Integrity investigations that result in 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:

OFI cases are opened based on referrals and verification of suspect fraud or misuse of state funds. A positive action in a case can be: denial of pending payment; state or federal conviction; court order restitution or voluntary restitution. The new measure will be tracked and reported monthly. The standard for this measure will be set at 50 percent.

### Validity:

This is a valid measure for the effectiveness of OFI's investigations –vs- positive action results.

### Reliability:

The data sources required to track this measure are proven and reliable.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency

Accounting/43200100

Measure: Number of contracts reviewed

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:

Current methodology requires the Bureau to review all contracts greater than \$750,000 prior to first payment and a sample of contracts less than \$750,000. This new measure will be tracked and reported monthly. The standard will be set at 1,100.

### Validity:

This is a valid measure on the Bureau's ability to review 2 to 5 percent of the total number of active contracts for the State.

### Reliability:

The data sources required to track this measure are proven and reliable.



## 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 in the fiscal year compared to the total dollar amount of returnable accounts reported/received in the prior fiscal year~~

**Percent of the total dollar amount of claims paid during the current fiscal year compared to the prior year's receipts.**

**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: Percentage of the total number of claims paid to the owner this fiscal year as a percentage of the total number of ~~returnable~~ accounts reported/received in the prior 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:

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 accounts reported/received last fiscal year. 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 number of claims paid during the present fiscal year to the number of 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: Number/dollar value of owner accounts processed.

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 is requesting to change the Approved Standard for this measure to 1 million /\$225 million for the number/dollar value of owner accounts processed. The methodology for maintaining this data will remain the same.

### Validity:

The request to increase this performance measure reflects the sustained increased level of production of the Bureau in recent years.

### Reliability:

The data sources used to track this measure are proven and reliable

## 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: Number / dollar value of claims 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:**

The Bureau is requesting to change the Approved Standard for this measure to 250,000 /\$150 million for the number/dollar value of claims paid. The methodology for maintaining this data will remain the same.

**Validity:**

The request to increase this performance measure reflects the sustained increased level of production of the Bureau in recent years.

**Reliability:**

The data sources used to track this measure are proven and reliable

## 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: Percentage of claims processed within ~~45~~ 60 days from date received (cumulative total).

**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 is requesting to change the Approved Standard for this measure to 60 days. The methodology for maintaining this data will remain the same.

### **Validity:**

Considering the dramatic increase in the Bureau's processing output over the last eight years, the proposed change in this measure more accurately reflects the Bureau's success in meeting its statutory requirements.

### **Reliability:**

The data sources used to track this measure are proven and reliable

## 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: Number of new holders reporting unclaimed property in 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 Bureau is requesting the Approved Standard for this revised measure to be 2,000 new holders. The UPMIS System captures new holder information that can be obtained through the use of Crystal reports.

### Validity:

Measuring the number of new holders is more reflective of the Bureau's efforts to encourage increased compliance and reporting by entities that currently do not report.

### Reliability:

The data sources used to track this measure are proven and reliable

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/4330200

**Measure:** Number of fire related deaths occurring in state owned properties required to be inspected.

**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 a mainframe database maintained in the Department of Financial Service's Information Technology Service called the Fire Marshal Application in the Treasury Management Information Center (TMIC). The Fire Marshal Application keeps track of which buildings have been inspected, violations identified, the Fire Protection Specialist assigned, and the date of the inspection.

Each of the six regional field offices is assigned a specific geographical area according to the number of inspections and size of the geographical area. Fire Protection Specialists conduct inspections in the field and record the data into a 'Red Book' which is monitored by administrative support personnel. Administrative support personnel key the inspection data, including cited fire code violations, into the database.

With the exception of special inspections, the criterion for initiating an inspection in a facility is set by statute and workload factors, is maintained in the Fire Marshal Application and Lotus Notes Database, and is supported by the Inspector's 'Red Book'. Each inspection is given a unique inspection number and recorded in the database systems. A completed inspection involves a physical review and identification of possible fire code violations in the facility, including all spaces within, and adjacent to, the facility.

Upon completion of the inspection, identified violations are recorded and a report is written citing the violations. The Inspection Report is explained to the facility manager or designee, input into the Fire Marshal Application and Lotus Notes Database, and submitted to the head of the state agency responsible for the building or facility. If violations are found, and are sufficiently severe and/or complex, a re-inspection will be performed that involves a compliance schedule for the agency to correct the violations. Initial inspections, re-inspections, and compliance schedules are collected in a monthly inspection survey report to record the number of violations cited, and to analyze workload and staffing needs.

**Validity:**

Identification and correction of fire code violations is a critical part of the State Fire Marshal's efforts to ensure a fire safe environment, and enhance public safety. From a management perspective, this is a key component measure of the core service of the Bureau of Fire Prevention.

**Reliability:**

Data for this measure is recorded in a consistent manner in the 'Red Book', and is maintained by the thirty Fire Protection Specialists. On a monthly basis, data is keyed into the Fire Marshal Application, Lotus Notes, and the Inspection Survey Report by support personnel, and is reviewed by a supervisor to ensure accuracy.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

Measure: Percentage 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:

Seven Fire Protection Specialists work out of field offices around the state where they maintain files on firms and individuals regulated by the section, these files include fire equipment dealers and/or explosive users, manufactures, and dealers. Florida Statutes require the fire equipment dealers and explosive users, manufacturers and dealers to be inspected on regular intervals or as deemed necessary. The inspections are articulated in a number of categories: pre-license, annual, mobile and re-inspections. Fire Protection Specialists record the number of inspections completed in each day and how many hours it takes to complete them on Time Study and Labor Report forms which are completed daily and submitted monthly to the Tallahassee office. The Program Manager receives monthly time labor and study reports and hand counts all activities performed, the portion of the time labor and study report related to inspections are counted on these charts for each of the seven fire protection specialists on a monthly basis, which constitutes the number of regulatory inspections completed and reported.

Upon completion of the inspection a report is written. The inspection report is explained to the facility manager or designee, inputted into the Fire Prevention System database and submitted to the head of the state agency responsible for the building. If code violations are found, and are sufficiently severe and/or complex, a re-inspection will be performed which will involve a Compliance Schedule for the agency to correct the violations identified.

Re-inspections and Compliance Schedules are collected monthly to analyze workload and staffing needs. If a re-inspection is necessary, the inspection is not counted as a second inspection for this measure.

### Validity:

This outcome measure is a measure of the productivity of the Regulatory Licensing Section's efforts to enhance public safety by maintaining the safest possible environment through regulation of the fire equipment dealer's facilities and explosive storage facilities.

**Reliability:**

Data for this measure is recorded in a consistent manner on the Time Study and Labor Report forms which are utilized by this section to capture all activities performed by the seven Fire Protection Specialists. Data is tabulated by hand.

The Program Manager may cross check the inspection numbers reported with inspection reports with numbers contained in a Cobol application called the Fire Marshal Licensing System (System ID: FIR) which runs on the department's mainframe.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

Measure: Number of recurring 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 a Cobol database maintained by the Department of Financial Services Information Technology service called Fire Prevention System. This system keeps track of which buildings have been inspected, the exact violations, the Fire Protection Specialist and the date of the inspection.

Each of the five regional field offices is assigned a specific geographical work area according to the number of potential inspections and size of the geographical area. Fire Protection Specialists conduct inspections in the field; record the data into a 'red book' which they submit to their field administrative support personnel. Administrative support personnel key the inspection data into the database.

With the exception of special inspections, the criterion initiating an inspection, is set by statute and workload factors, and is maintained in the Fire Marshal Licensing database supported by the Inspectors 'red book'. Each inspection is given a unique inspection number and recorded in the database system. A completed inspection involves a physical review of the facilities including all spaces enclosed within the perimeter walls and its adjacent auxiliary facilities.

Upon completion of the inspection a report is written. The inspection report is explained to the facility manager or designee, input into the Fire Prevention System database and submitted to the head of the state agency responsible for the building. If code violations are found and are sufficiently severe and/or complex, a re-inspection will be performed which involves a compliance schedule for the agency to correct the violations. Re-inspections and compliance schedules are collected monthly to analyze workload and staffing needs. If a re-inspection were necessary, the re-inspection would not be counted as a second inspection for this measure.

Construction Inspections are initiated by the Plans Review Section. They alert the regional Fire Protection Specialist Supervisor to the need for inspecting new construction and renovations. The number of construction inspections is tracked by an Alpha 4 database maintained by the Plans Review section.

**Validity:**

Fire code inspections are a critical part of the State Fire Marshal's efforts to enhance public safety. From a management perspective, this is a measure of the core service of the Bureau of Fire Prevention.

The complexity of an inspection may vary from a tollbooth to the twenty-two story state capitol. Similarly, some buildings may have very complex fire protection systems such as fire alarm, fire sprinkler and/or smoke evacuation system, which require an extensive amount of time for compliance testing. However, each of these inspections is currently measured as one inspection.

**Reliability:**

Data for this measure is recorded in a consistent manner in the 'red book' maintained by the twenty-four Fire Protection Specialists. On a monthly basis the data are keyed into the mainframe database by support personnel and reviewed by supervisors to assure that key errors are caught.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

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 a Cobol database maintained by the Department of Financial Services Information Technology service called Fire Prevention System. This system keeps track of which buildings have been inspected, the exact violations, the Fire Protection Specialist and the date of the inspection.

Each of the five regional field offices is assigned a specific geographical work area according to the number of potential inspections and size of the geographical area. Fire Protection Specialists conduct inspections in the field; record the data into a 'red book' which they submit to their field administrative support personnel. Administrative support personnel key the inspection data into the database.

With the exception of special inspections, the criterion initiating an inspection, is set by statute and workload factors, and is maintained in the Fire Marshal Licensing database supported by the Inspectors 'red book'. Each inspection is given a unique inspection number and recorded in the database system. A completed inspection involves a physical review of the facilities including all spaces enclosed within the perimeter walls and its adjacent auxiliary facilities.

Upon completion of the inspection a report is written. The inspection report is explained to the facility manager or designee, input into the Fire Prevention System database and submitted to the head of the state agency responsible for the building. If code violations are found and are sufficiently severe and/or complex, a re-inspection will be performed which involves a compliance schedule for the agency to correct the violations. Re-inspections and compliance schedules are collected monthly to analyze workload and staffing needs. If a re-inspection were necessary, the re-inspection would not be counted as a second inspection for this measure.

Construction Inspections are initiated by the Plans Review Section. They alert the regional Fire Protection Specialist Supervisor to the need for inspecting new construction and renovations. The number of construction inspections is tracked by an Alpha 4 database maintained by the Plans Review section.

**Validity:**

Fire code inspections are a critical part of the State Fire Marshal's efforts to enhance public safety. From a management perspective, this is a measure of the core service of the Bureau of Fire Prevention.

The complexity of an inspection may vary from a tollbooth to the twenty-two story state capitol. Similarly, some buildings may have very complex fire protection systems such as fire alarm, fire sprinkler and/or smoke evacuation system, which require an extensive amount of time for compliance testing. However, each of these inspections is currently measured as one inspection.

**Reliability:**

Data for this measure is recorded in a consistent manner in the 'red book' maintained by the twenty-four Fire Protection Specialists. On a monthly basis the data are keyed into the mainframe database by support personnel and reviewed by supervisors to assure that key errors are caught.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

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 a Cobol database maintained by the Department of Financial Services Information Technology service called Fire Prevention System. This system keeps track of which buildings have been inspected, the exact violations, the Fire Protection Specialist and the date of the inspection.

Each of the five regional field offices is assigned a specific geographical work area according to the number of potential inspections and size of the geographical area. Fire Protection Specialists conduct inspections in the field; record the data into a 'red book' which they submit to their field administrative support personnel. Administrative support personnel key the inspection data into the database.

With the exception of special inspections, the criterion initiating an inspection, is set by statute and workload factors, and is maintained in the Fire Marshal Licensing database supported by the Inspectors 'red book'. Each inspection is given a unique inspection number and recorded in the database system. A completed inspection involves a physical review of the facilities including all spaces enclosed within the perimeter walls and its adjacent auxiliary facilities.

Upon completion of the inspection a report is written. The inspection report is explained to the facility manager or designee, input into the Fire Prevention System database and submitted to the head of the state agency responsible for the building. If code violations are found and are sufficiently severe and/or complex, a re-inspection will be performed which involves a compliance schedule for the agency to correct the violations. Re-inspections and compliance schedules are collected monthly to analyze workload and staffing needs. If a re-inspection were necessary, the re-inspection would not be counted as a second inspection for this measure.

Construction Inspections are initiated by the Plans Review Section. They alert the regional Fire Protection Specialist Supervisor to the need for inspecting new construction and renovations. The number of construction inspections is tracked by an Alpha 4 database maintained by the Plans Review section.

**Validity:**

Fire code inspections are a critical part of the State Fire Marshal's efforts to enhance public safety. From a management perspective, this is a measure of the core service of the Bureau of Fire Prevention.

The complexity of an inspection may vary from a tollbooth to the twenty-two story state capitol. Similarly, some buildings may have very complex fire protection systems such as fire alarm, fire sprinkler and/or smoke evacuation system, which require an extensive amount of time for compliance testing. However, each of these inspections is currently measured as one inspection.

**Reliability:**

Data for this measure is recorded in a consistent manner in the 'red book' maintained by the twenty-four Fire Protection Specialists. On a monthly basis the data are keyed into the mainframe database by support personnel and reviewed by supervisors to assure that key errors are caught.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

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:

Seven Fire Protection Specialists work out of field offices around the state where they keep files on companies who are fire equipment dealers and/or have explosives storage facilities. The state statutes require their facilities to be inspected at regular intervals. The inspections are articulated in a number of categories: pre-license, annual and re-inspections. Fire Protection Specialists record the number of inspections completed in each day and how many hours it takes to complete them on Time Study and Labor Report forms which they fill out daily and submit monthly to the Tallahassee office. The Fire Protection Specialist Supervisor hand tallies the various inspection columns on these charts for each of the seven 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 regulatory inspectors. This figure can then be used in helping determine workload, schedules and analyses of the efficiency of this section.

### Reliability:

Data for this measure is recorded in a consistent manner on the Time Study and Labor Report forms, which are tabulated by hand. The Fire Protection Specialist Supervisor may cross check the specialists' numbers with numbers contained in a Cobol application called the Fire Marshal Licensing System, which runs on the Office of the Comptroller's mainframe. However, this application has not been modified to reflect changes in the business process and is therefore not capable of producing full reports for this measure.

The department's Office of Information Services has contracted with an outside software development company to produce a client/server application to collect, analyze, track and report on the functions of the Licensing & Statistics Section. The application, called Regulatory Licensing System (RLS) will primarily serve the business function of processing licenses, permits and certificates of competency. It will also support the Fire Protection Specialists in the field enabling them to process their investigative information and transmit it to the main office in Tallahassee. This application will provide reliable data on this measure.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

Measure: Percentage of fire code inspections completed within statutory defined timeframes

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 to be inspected is updated regularly from a Cobol database maintained by the Department's Information Technology service called Fire Prevention System. This system keeps track of buildings inspected, violations identified, the Fire Protection Specialist who inspected the facility, and the date the inspection was conducted.

When a fire occurs in a state owned property, an appropriate local official notifies either the Bureau of Fire and Arson Investigations or the Bureau of Fire Prevention by phone. These fires will be tracked by the Bureau of Fire Prevention either through an enhancement to their mainframe database or a personal computer based system yet to be developed.

Each of eight regional headquarters and service offices' is assigned a specific geographical area of responsibility according to the number of potential inspections and size of the geographical area. Fire Protection Specialists conduct inspections in the field, record the data into the Inspectors 'red book' which maintained and secured by administrative support personnel in each field office. These administrative personnel key the inspection data received into a Fire Prevention System database.

With the exception of special inspections, the criterion, initiating an inspection, is set by statute and workload factors; and is maintained in the Fire Prevention System database supported by the Inspectors 'red book'. Each inspection is given a unique inspection number in the Fire Prevention System database. A completed inspection involves the physical review of the facilities including all spaces enclosed within the perimeter walls and its adjacent auxiliary facilities.

Upon completion of the inspection a report is written. The inspection report is explained to the facility manager or designee, inputted into the Fire Prevention System database and submitted to the head of the state agency responsible for the building. If code violations are found, and are sufficiently severe and/or complex, a re-inspection will be performed which will involve a Compliance Schedule for the agency to correct the violations identified.

Re-inspections and Compliance Schedules are collected monthly to analyze workload and staffing needs. If a re-inspection is necessary, the inspection is not counted as a second inspection for this measure.

**Validity:**

Fire code inspections are a critical part of the Bureau of Fire Prevention's efforts to enhance public safety through Code Compliance. While compliance with codes will not prevent or minimize certain fires such as, accidental and incendiary, code violations can contribute to the propagation of fires, thereby, requiring effective inspection programs to reduce the incidence of fire, over all.

The scope of an inspection may vary from a small tollbooth to the twenty-two story state capital building. Similarly, some buildings inspected contain complex fire suppression and life safety systems such as fire sprinkler, fire alarm, and/or smoke evacuation systems, which require additional assessment time and compliance testing. Each of these inspections is currently measured as one inspection.

**Reliability:**

Inspections are recorded in a consistent manner in the 'red book' maintained by the 24 Fire Protection Specialists'. The data are keyed in to the mainframe database by support personnel and reviewed by supervisors to assure that key errors are caught on a monthly basis.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/4330200

**Measure:** Percentage of fire code plans reviews completed within statutory defined timeframes.

**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 agencies, their architects or engineers, send plans to the Bureau of Fire Prevention's Plans and Alarms Section for review. When the plans are received, they are date stamped and assigned a 4-digit file number by an Alpha4 database maintained by the Plans and Alarms Section. The Alpha4 database automatically generates a due date depending on whether the plans are for a State leased or State owned building. The Alpha4 system then tracks the disposition of the plans. Each month the Accountant I (support staff) runs a report from the Alpha4 to determine if any plans are overdue. Each Engineer then individually checks the paper files for plans that are overdue, and then a final report is produced which constitutes the count for this measure.

### **Validity:**

The core responsibility of the Plans Review Section is to review construction plans for fire code compliance within the statutorily defined time frame. The percent of fire code plans reviewed within this time frame is an accurate output that reflects the performance level of this section and can be used in determining workload issues and schedules.

### **Reliability:**

The complexity of the plans varies greatly. They may constitute the building of a non-load-bearing wall in an existing office building or the construction of a new 20-story state owned building. In either case, this measure counts as only one plan completed on time. Data for this measure is recorded in a consistent manner in a database that automatically produces a due date.

The Plans and Alarms Section is proposing to start tracking other duties it performs as supportive measurements relating to the numbers of plans reviewed. These include: code research and assisting professional architects and engineers, local government authorities, other state agencies and the general public regarding applicable state laws, fire marshal's rules and regulations and code compliance

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/4330200

**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 boilers meeting the statutory requirements are inspected. If an insurance company fails to inspect an insured boiler in a timely fashion, the State Fire Marshal must inspect it. In addition, the State Fire Marshal Boiler Inspector is required to inspect boilers even if the boiler owner/user fails to pay the required certificate of compliance fee.

Each registered boiler in the state of Florida has a metal tag affixed to it with a Florida identification number. Boilers with tag numbers under 50k are high pressure and require an external inspection as well as an internal inspection annually. Boilers with tag numbers over 50K are low pressure and require inspection every other year.

All the fire marshal boiler inspectors have access to the "FOCUS" Boiler Management System, which is a licensing application database used by the boiler safety program. The inspectors can view details of all the boilers in the data base and print list of boilers which are due for inspection every month.

When the State Fire Marshal inspectors inspect a boiler a report of inspection is submitted to the main office in Tallahassee so the boiler owner can obtain a valid Certificate of Compliance. At this time, the inspection is entered into the "FOCUS" Boiler Management System for processing of certificates.

### **Validity:**

The number of boiler inspections recorded by "FOCUS" system reflects the safety inspection service performed by the deputy boiler inspectors. These numbers are useful in determining assignments of workload and schedules and also the examination and evaluation of the program's efficiency.

### **Reliability:**

Data for this measure is recorded and generated by the "FOCUS" Boiler Management System. All the invoices, certificates of compliance, and certificates of competency are printed directly from this system.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/4330200

**Measure:** Number of construction plans reviewed.

**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 agencies, their architects or engineers, send plans to the Bureau of Fire Prevention's Plans and Alarms Section for review. When the plans are received, they are date stamped and assigned a 4-digit file number by an Alpha 4 database maintained by the Plans and Alarms Section. The Alpha 4 database automatically generates a due date dependent on whether the plans are for a state leased or state owned building. The Alpha 4 system then tracks the disposition of the plans. Each month the Accountant I (support staff) runs a report from the Alpha 4 to determine if any plans are overdue. Each Engineer then individually checks the paper files for plans that are overdue, and then a final report is produced which constitutes the count for this measure.

### **Validity:**

Plans review is a critical part of the State Fire Marshal's Office. Efforts to enhance public safety by correcting deficiencies and violations remains a major objective both in the planning stage and during the construction stage of any state project. From a management perspective, this function is a measurement of one of the core services of the Bureau of Fire Prevention.

### **Reliability:**

The complexity of the plans varies greatly. They may constitute the building of a non-load-bearing wall in an existing office building or the construction of a new 20-story state owned building. In either case, this measure counts as only one plan completed.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/4330200

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, certificates of competency that are received, reviewed and processed within the statutorily mandated time parameters. This would be the number of applications received and 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 in the five industries listed above.

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 Insurance's Bureau of Financial Services. This Bureau deposits the fee and mechanically stamps a receipt number onto the original license form. This receipt number is entered into the accounting database with a code relating to what type license it is for. The original paper application is then forwarded to the Bureau of Fire Prevention's Regulatory Licensing Section. When applications are received in the Regulatory Licensing Section, they are immediately entered into the Regulatory Licensing System.

If an application is complete and 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 information is entered into the Regulatory Licensing System.

**Validity:**

Fire Data for this measure is recorded as applicant application detail and 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 applications acted upon by the Regulatory Licensing Staff (both the application is processed and a license, certificate or permit issued or the application is incomplete and a deficiency letter or some other action such as training or examination is required) within 30 calendar days.

Baseline data for this measure will vary 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, rather than every year, and that Fire Equipment Dealers and Permit holders renew their authorities on a two year cycle, rather than every year.

**Reliability:**

Section staff relies on daily task reports maintained by each employee as a part of their daily assignments and the reports that can be produced by OIS staff by running queries against the RLS database to produce statistical data.

Therefore 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.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/4330300

Measure: Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or arrested, or other reasons

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 Fire Marshal fire investigations start when either a law enforcement officer, a local fire service representative, an insurance company official or a private citizen calls the State Fire Marshal on its 800 number to request assistance determining the cause of a fire. This request goes through the Statewide Law Enforcement Radio System Regional Communication Center to dispatch a State Fire Marshal Law Enforcement Investigator to the fire/explosion scene. Once on the scene, the Investigator radios the Communication Officer to obtain an incident case number, which starts the tracking of the investigation. This incident number will relate to a unique file number generated by a computer program called the Augmented Criminal Investigative Support System (ACISS).

The Investigator physically examines and removes debris, processes and documents the scene and collects any evidence that could lead to determining the cause of the fire. Once the physical examination of the scene and the evidence is completed the Investigators pursue a lengthy behind the scenes investigative process referred to as "latent" investigation which is the information gathering and analysis stage of the investigation that ties together the facts of the case and brings closure to the investigation.

Investigators maintain activity logs pertaining to their investigative productivity. Information from these logs is input into the Augmented Criminal Investigative Support System as the investigation develops. Activity information recorded on a log is submitted to the supervisor for overall review. Case management by the supervisor assures activity hours are documented in the Augmented Criminal Investigative Support System.

Causes are defined in the Augmented Criminal Investigative Support System as: accidental, incendiary, or undetermined. There are three additional fields called "under investigation", used when the investigation cause is pending, "not applicable", used when cause and origin are not an issue, and "exposure", when another property is damaged due being exposed to the original source. Case Status are defined as 'Open',

'Closed', and 'Arrest Pending Disposition' each with eight possible definitions of the Case Status field of the Augmented Criminal Investigative Support System:

- Administratively Closed
- Cleared by Arrest
- Exceptionally Cleared - Accidental
- Exceptionally Cleared - Warrant Issued
- Exceptionally Cleared
- Exceptionally Cleared - Juvenile
- No Further Leads
- Unfounded

For the purpose of this measure, cases 'closed where a case did not involve economic or physical loss are those cases closed as: Administratively Closed, and Unfounded.

**Validity:**

This output measures the program's productivity. As the number investigations closed increases, due to improved funding and/or increased number of fires, the program's mission of providing effective investigation and forensic services and increasing the solvability of criminal cases will be achieved. This will in turn assist in reducing the risk to life and property that arson represents.

Other unpredictable forces that impact this number are political, economic, societal, and technological, such as priorities of type cases to prosecute and support, 'Arson-for-Profit' cases, number of juvenile and pathological type firesetters, development of newer materials, natural and man-made disasters, wild land fires also have a significant impact on the program's overall performance. This output number in itself rises and falls due to the unpredictable variables above.

**Reliability:** The Augmented Criminal Investigation Support System is a standard law enforcement computer software package used throughout the country by law enforcement agencies. Augmented Criminal Investigation Support System has been specifically enhanced to aid the State Fire Marshal in fire and arson investigative reporting and tracks arson incidents from these reports. Standard operating procedures and software design insure that Augmented Criminal Investigation Support System input is made in a consistent manner. Management systems in place insure that Augmented Criminal Investigation Support System input is accurate. Only a Supervisor may close a case, and similarly, only a Supervisor may reopen a case.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/4330300

Measure: Percentage of closed arson investigations for which an arrest was made in Florida

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 Fire Marshal fire investigations start when either a law enforcement officer, a local fire service representative, an insurance company official or a private citizen calls the State Fire Marshal on its 800 number to request assistance determining the cause of a fire. This request goes through the Statewide Law Enforcement Radio System Regional Communication Center to dispatch a State Fire Marshal Law Enforcement Investigator to the fire/explosion scene. Once on the scene, the Investigator radios the Communication Officer to obtain an incident case number, which starts the tracking of the investigation. This incident number will relate to a unique file number generated by a computer program called the Augmented Criminal Investigative Support System (ACISS).

The Investigator physically examines and removes debris, processes and documents the scene and collects any evidence that could lead to determining the cause of the fire. Once the physical examination of the scene and the evidence is completed, the Investigators pursue a lengthy behind the scenes investigative process referred to as 'latent' investigation which is the information gathering and analysis stage of the investigation that ties together the facts of the case and brings closure to the investigation.

Once the cause of the fire/explosion is determined to be incendiary (Arson), a criminal investigation has started in terms of the data collected in ACISS.

Each Law Enforcement Investigator working for the SFM is a sworn law enforcement officer, and thus capable of not only contributing to, but also actually making arrests. The Investigators' supplemental reports to ACISS include a large section of the database devoted to the details of arrests as linked to specific arson investigation cases. This information is used by the US or State Attorneys to prosecute cases. The number of arson cases for which an arrest was made includes both actual arrests made by SFM Law Enforcement Investigators as well as those arrests considered 'assists'. The case is then 'closed' as 'arrest pending disposition'. The number of closed arson investigation cases with an arrest is divided by the number of closed arson investigations for that time period resulting in the percentage of the arson cases closed by arrest.

**Validity:**

If a fire is determined to be an arson fire, the investigator must provide certain requisites of proof to cause an arrest. Four elements must be proven: (1) there has been willful and unlawful damage, (2) by fire or explosion, (3) to any structure, and (4) whether actually occupied or not. These criteria are codified in statute and interpreted in case law. Consequently, the results of arson arrests are held to established and high criteria, however, once submitted for prosecution the investigator is no longer in control of the case or its results.

This outcome measures the program's performance in processing and preparing an arson case: from its beginning with the fire/explosion scene, to presenting the case for prosecution in the judicial system. This process includes: scene and evidence processing, latent evidence gathering, and preparation of probable cause leading to the arrest of the perpetrator(s).

**Reliability:**

The ACISS system is a standard law enforcement computer software package used throughout the country by law enforcement agencies. ACISS has been specifically enhanced to aid the SFM in fire and arson investigative reporting and tracks arson incidents through conclusion from these reports. Standard operating procedures and software design insure that ACISS input is made in a consistent manner. Management systems in place insure that ACISS input is accurate. Only a supervisor may close a case, and similarly, only a supervisor may reopen a case.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: State Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of referrals declined by SAO for prosecution

**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:**

It is important to measure the success of prosecution of arson cases presented by detectives. Declination of prosecution may provide insight into improvement measures for future success. At this time, the declinations are being tracked by the ACISS case management system.

### **Validity:**

The base line has been set by review of the past six months of data collection related to the declination of cases by the State Attorney's Office. There is no comparison for this data at this time.

### **Reliability:**

The data is gathered through the use of the ACISS case management system. Future trends may be established once at least one year of data is collected.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: State Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of arson cases cleared by arrest or exceptionally cleared

**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 source for the new measure may be found within the FBI Uniform Crime Report. The national average for arson is derived from both cases cleared by arrest and those exceptionally cleared. Past measures have been based upon arrest alone. This measure will accurately compare the agency performance to that of the national average established by the FBI Uniform Crime Report.

### **Validity:**

The data from the source are valid and can be confirmed by utilizing nationally derived figures by comparison to the Bureau's ACISS case management system.

### **Reliability:**

The data to be reported more reliably indicates the nationally derived comparison figures to those of Bureau members. A comparison of both arrests and exceptional clearances provides a more consistent and comparable measure.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Percentage 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.

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:

Training Section of Professional Training and Standards generates the report for supervisor's post course evaluations.

Post course evaluations are sent out monthly. Supervisors are asked to determine job performance after a short time period. This makes it very difficult to identify if a student's job performance has increased based on knowledge gained in the course.

Request measure standard to be changed from 90 percent to 80 percent.

### Validity:

Data is validated by section supervisor and confirmed by Bureau Chief

### Reliability:

There is a high degree of data reliability but the measure is not achievable at this time.

While the data is reliable, the assessment by the supervisor may not be due to time limits.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Standards and Training/4330400

Measure: Challenges to examination results and eligibility determination as a percentage of those eligible to challenge.

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:

Firefighter recruits and firefighters are offered training at the Florida State Fire College, community colleges, community vocational schools and fire service organizations training facilities all certified by the State. The Division of the State Fire Marshal administers all examinations for verification and competency in the titles listed above.

Section 633.382, Florida Statutes, provides for supplemental compensation to be paid to firefighters who meet certain educational requirements as set forth in the statute. The Division is responsible for making the eligibility determination.

Customers may challenge the rulings for supplemental compensation eligibility and examination results under the Administrative Procedures Act (Chapter 120). This results in an appeal being heard by a state appointed officer.

### Validity:

Customers elect to pursue the right of a hearing by notifying the Department of Financial Services Division of Legal Services by returning an 'Election of Rights Form'. This form is included in the notification the department sends to a customer who fails to meet the minimum requirements. The department's Division of Legal Services notifies the Standards Section of the Florida State Fire College of this action and asks the Florida State Fire College to forward the relevant customer files for review. The Florida State Fire College maintains a manual log of these requests and an electronic record in an Access database for this purpose. The Division of Legal Services maintains these requests in their client/server application called Legal Assignment Tracking system (LATS). Next the Division of Legal Services notifies the Standards Section of the hearing date and who should attend. The hearings are conducted by the state's Division of Administrative Hearings. The Division of Administrative Hearings notifies the Division of Legal Services of the disposition of each case. When this decision is received, the Division of Legal Services notifies the customer and forwards the paper disposition to the Florida State Fire College Standards Section, where it is recorded in the manual log and the database.



**Reliability:**

A low number of challenges and the number of those challenges resulting in favorable results to the Division has a direct relationship to ensuring that emergency responders and service providers are the most qualified, competent and ethical, through quality training, education and the establishment of professional standards and that the Florida State Fire College is carrying out those responsibilities effectively

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Standards and Training/4330400

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 classes conducted by the Florida State Fire College and the registration information is maintained by the registrar's office in a 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 simple arithmetic functions utilizing the existing information in the registration database.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/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:

Data is collected monthly from the FCDICE data management system. Data reflects all examinations administered.

### Validity:

Data is reviewed by the section supervisor and approved by the Bureau Chief prior to submission.

### Reliability:

There is a high reliability that the data will be available and valid.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Percentage of students passing certification exam on first attempt.

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:

Standards Section of Professional Training and Standards administers exams.

There is no way to evaluate only fire college students taking certification exams the first time. Students take from four to eight classes towards certification, and can take these classes at various locations. Therefore, we can only see how a student rates on the exam, and cannot tie that into where the classes were taken.

Secondly, there exists a wide variety of personnel and agencies offering training toward certification. This training is at various levels and impacts the successful outcome of students taking their certification exams the first time. The Bureau does not have the ability to ensure that instructors are teaching the required curriculum due to insufficient personnel.

Request measure standard be changed from 85 percent to 75 percent.

### Validity:

Data is validated by section supervisor and confirmed by Bureau Chief

### Reliability:

There is a high degree of data reliability. The measure cannot be met at this time due to factors beyond the Bureau's control.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Standards and Training/4330400

Measure: Percentage 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:

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.

### Reliability:

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.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of Florida State Fire College 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:

Standards Section of Professional Training and Standards reports number of newly accredited or re-accredited certification programs.

Initial program goal has been met. Measure should be revised to reflect adjusted goal to add two to three newly accredited or re-accredited programs as new programs are developed.

### Validity:

Data is validated by section supervisor and confirmed by Bureau Chief

### Reliability:

There is a high degree of data reliability and that this measure is achievable and can be met.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire Marshal Administrative and Support Services/4330500

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

Total administrative costs are determined using the FLAIR system and then divided by the total costs of the program, also determined by the FLAIR system. This provides the ratio of administration cost to the cost of the program.

**Validity:**

This measure provides the ratio of administrative costs of the State Fire Marshal Program to the operational cost of the entire program.

**Reliability:**

Data is selected from the FLAIR system for both administrative costs (funds expended) and program costs. This is done for all 12 months of the fiscal year reported.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire Marshal Administrative and Support Services/4330500

**Measure:** Administrative positions 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:**

Administrative positions are determined by People First reports at the end of the fiscal year and compared with those of the entire program.

**Validity:**

This measure provides the ratio of administrative positions of the State Fire Marshal Program to the total number of positions of the entire program.

**Reliability:**

Data is selected from the People First for both administrative positions and program positions.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: State Fire Marshal

Service/Budget Entity: Administrative and Support Services

Measure: ~~Number of evidence sample analyses / examinations processed and imaging services provided~~ Number of items analyzed chemically plus the number of imaging items processed.

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:** Department of Financial Services

**Program:** State Fire Marshal

**Service/Budget Entity:** Fire Marshal Administrative and Support Services

**Measure:** To Import 100 percent 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:**

#### **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 creates an error file and submits 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 correction, resubmitted to the FFIRS staff, and then re-imported into the database.

#### **Reliability:**

100 percent 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: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Average operational cost per claim worked

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 procedure used to arrive at the percentage of operational costs in relation to program claims worked is to divide the operational costs by the total number of claims worked.

Program operating costs are recorded in the Florida Accounting Information Resource (FLAIR) Accounting System including:

<u>Operational Categories</u>	<u>FY 2012-13 Appropriations</u>
Salaries and benefits - 010000	\$ 5,397,503
Other personal services - 030000	\$ 35,003
Expenses - 040000	\$ 900,292
Operating capital outlay - 060000	\$ 5,405
Contracted Services -100777	\$14,210,951
Attorney General Fees & Expenses -100904	\$ 6,302,284
Contracted Legal Services - 100905	\$18,001,020
Excess Insurance & Claim Service -101221	\$13,700,000
Risk Management Insurance - 103241	\$ 102,380
Lease or Lease /Purchase of Equipment - 105281	\$ 14,031
Transfer to DMS/HR Outsourcing - 107040	\$ 34,623
	<u>\$52,703,489</u>

The source has been established statewide for fiscal year reporting and provides “on-line” data that can be used to calculate this and other measurements at month end for any measurement period.

In FY 2010-11 the Medical Case Management (MCM) Contracts were moved from Non-Operating to Operating, CAT 100777, with an initial budget of \$16.2 million. This was done by the Legislature as they wanted the Division’s contracts to be re-aligned so that the MCM contracts would be paid from the same Operating Component in FLAIR, 100777, as other Division’s and Agency’s contracts. When this occurred, the Contracted Services Category increased from \$271,970 to \$16.2 million. The increase was strictly due to the Medical Case Management Contracts. In FY 2011-12, it was reduced \$1.0 million, from \$16.2 million to \$15.2 million and subsequently in FY 2012-13 to \$14.2 million.

In FY 2010-11 Attorney Contracts moved from Non-Operating to Operating, Contracted Legal Services CAT 100905, with an initial budget of \$21.4 million. This was requested by the Legislature so our Division contracts would be re-aligned for Attorney Contracts to be paid from the Operating component. Attorney Contracts Category 100905 was therefore created specifically for the Attorney Contracts with an initial budget allocation of \$21.4 million. In FY 2011-12, the appropriation was reduced \$2.4 million, from \$21.4 million to \$19.0 million and subsequently in FY 2012-13 to \$18.0 million. Additional categories added in FY 2010-11 to the Division's Operating cost were Attorney General Fees & Expenses for CAT 100904 (\$6,302,284), Excess Insurance & Claim Service CAT 101221 (\$13,700,000), and Risk Management Insurance CAT 103241 (\$102,380).

In FY 2011-12 and FY 2012-13, these categories remain appropriated in the Operating costs, resulting in a higher operational cost per claim worked. For FY 2012-13 (see table) total Operating costs are \$52,703,489 and are divided by the total number of claims worked (26,132), resulting in an average operational cost per claim of \$2,016.

We request that the standard for this measure be increased to \$2,016 for FY 2013-14. Additionally, we request that the measure be revised to include the new operating categories Attorney General Fees & Expenses, Contracted Attorney Fees & Expenses, Excess Insurance & Claim Services and Risk Management Insurance and Lease or Lease/Purchase of Equipment in the calculations. We have included them in the calculation for the Requested FY 2012-13 Standard on Exhibit II.

**Validity:**

The comparison of work activity to operating expense for an organization aids in identifying the utilization of resources in relation to the organizational workflow.

**Reliability:**

FLAIR is state of Florida's accounting system and is used by all state agencies. The selected budget criteria utilized to define the operation cost calculation relates specifically to those work functions that are within the scope of administering the State Property and Casualty Claims Program. The data collected within FLAIR is input by each state agency and all financial transactions are reviewed and audited by the Department of Financial Services. The posted data is verified by staff to the programs records and reconciled to the Chief Financial Officer's appropriation ledgers. Due to the universality of the source we cannot foresee a time when the measurement indicator could not be performed.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

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 requiring some payment per 100 FTE employees

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 state agencies are requested to report all work related injuries sustained by employees to the State Property and Casualty Claims Program within 24 hours so any benefits required may be provided in a timely manner. Agencies may report all accidents whether or not an injury has occurred or any benefits are due. Oftentimes first aid at the job site is administered and no benefits are due or desired by the employee. Therefore, it has been determined that a more accurate measure of the injury rate is to count only the injuries that require some amount of monies to be spent on benefits for the injury.

When a work-related injury occurs, the injured employee is required to report the injury to the assigned supervisor or to the agency's personnel department. The injury information is then phoned into the medical case management vendor by the supervisor injured employee. From this information, the medical case management vendor produces a First Report of Injury, which is sent overnight mail to the State Property and Casualty Claims Program. The medical case management vendor electronically transfers the daily claim information to this program. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program electronically inputs the First Report of Injury information into a Claims Administration Database, and this becomes the basis for a paper file maintained in the Bureau of State Employees' Workers' Compensation Claims. The file, when entered into the computer system, is counted as an injury. Once any amount of money is spent on a claim for medical treatment, payments for lost wages, or expenses, it becomes a 'claim with some amount.'

The State Property and Casualty Claims Program receive claims from all state agencies. Each state agency reports the number of full time equivalent employees to the State Property and Casualty Claims Program on an Exposure Base Inquiry form. One full time equivalent employee is equal to 2080 hours of work per year. Up until 1993, the agencies reported only the number of budgeted positions.

Beginning in 1993, the agencies began reporting the actual number of budgeted positions plus forecasts for other personal services and volunteer employees converted to full time equivalent employees in order to more clearly define the state's exposure to risk. Each June, the agency's report their total number of full time equivalent employees effective in the subsequent budget year. The numbers are reported based on the best

information they have prior to performing the premium calculation. The number reported for the known budget year is utilized since the premium is calculated a year in advance.

The Auditor General's Office requires signed confirmation by the reporting agency of the submitted numbers. Changes are analyzed from one year to the next and if changes are material they are contacted for an explanation.

This outcome measures the frequency of workers' compensation claims with some amount as a percentage of the employee population. As each agency receives training and implements safety programs the number of claims should decrease over time.

**Validity:** Due to the time lags associated with reporting claims, it is necessary and more reliable to extend the analysis nine months following the fiscal year being analyzed. For example, fully developed claim counts for FY 2000-01 would appear in the STARS database value development through March 31, 2002. The formula is the total paid claim count for the fiscal year divided by the number of full time equivalent positions based on premium calculations for that same fiscal year, divided by 100 full time equivalent positions.

Claims data has been entered into the Claims Administration Database since the inception of the self-insurance program in 1977. The information is made available to the state agencies from an Internet connection to Risk Management's Claims Administration Database. Internal Cash Flow Reports with claim counts are produced to perform statistical tracking and analysis. The number of full time equivalent employees is reported annually to the State Property and Casualty Claims Program by each state agency and is part of the information used to compute each state agency's insurance premium.

**Reliability:** When a work-related injury occurs, the injured employee is required to report the injury to their supervisor or to their agency's personnel department. The injury information is then phoned into the medical case management company by the supervisor or injured employee. From this information, the medical case management company produces a First Report of Injury, which is sent overnight mail to Risk Management. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program inputs the First Report of Injury information into a Claims Administration Database, and this becomes the basis for our statistical records maintained in the Bureau of State Employees' Workers' Compensation Claims.

Since June 2004 Marsh, Inc. STARS claims administration software has been the contract vendor providing software services for the State Self-Insured Claims Adjustment Service. The hardware is housed and supported by the Department of Financial Services Technical Services Division.

Section 4H-2.007(3), Florida Administrative Code, requires each agency to review the claims reported for their agency and report any discrepancies to Risk Management for correction. Benefit checks are computer generated and cannot be issued until a claim is established. The number of full time equivalents is reported by each agency annually to the State Property and Casualty Claims Program based on the most current budget allocated by the legislature.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Average cost of Workers' Compensation claims 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:**

When a work-related injury occurs, the injured employee is required to report the injury to the assigned supervisor or to the agency's personnel department. The injury information is then phoned into the 1-800 claims reporting service provider by the supervisor or injured employee. From this information, the 1-800 claims reporting service provider produces a First Report of Injury, which is sent overnight mail to the State Property and Casualty Claims Program. The 1-800 claims reporting service provider electronically transfers the daily claim information to the State Property and Casualty Claims Program. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program electronically downloads the First Report of Injury information into the claims administration system (currently STARS), and this becomes the origin of a claim file maintained in the Bureau of State Employees' Workers' Compensation Claims.

From 1977 until June 2004, Corporate Systems, Inc. was the contract vendor providing computer software services and mainframe back-up support for the State Self-Insured Claims Adjustment service. The claims administration software vendor since June 2004 is Marsh, and the software system is called STARS.

Claims occurring during the particular fiscal years are analyzed on June 30<sup>th</sup> for four years after the end of the fiscal years. For example, claims that occurred during FY 2001-02 would be analyzed as of June 30, 2006. The total number of claims with payment activity and the total amount paid are extracted from data stored in the computer database by the use of special reports.

### **Validity:**

The average cost of workers' compensation claims measures the overall effectiveness of the program by comparing the average cost of workers' compensation claims from year to year. This measurement is the average cost for a workers' compensation claim occurring in a particular fiscal year after four years of claim developments.

Over a period of years, this measurement indicates whether the average cost per claim is increasing, decreasing, or remaining stable. It is recognized that many factors play a role in this measurement including the number of claims, severity of the claims, medical cost containment programs, timely reporting of claims, the scope and effectiveness of

agency safety programs, inflation, return to work programs, quality of claims adjusting, quality of legal defense firms, and the amount of fraud involved.

**Reliability:**

The same procedures for collecting and analyzing data to calculate the average cost per workers' compensation claims has been used since 1977. However, the number reported last year for FY 2010-11 was obtained using a different methodology based upon only one year of claims development. The four year claims development period is more useful in determining the effectiveness of a workers' compensation claim, due to the lengthy and complex nature of workers' compensation claims.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Percentage of liability claims closed in relation to liability claims worked 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 working of a liability claim is initiated when a claim is received from either the injured party or their legal representative. When the claim is received it is sorted, date stamped, scanned and given to the appropriate administrator, who determines the appropriate claim codes for computer entry. These claim codes are standardized codes and include claimant information, location of the occurrence, cause of the claim, type of coverage and status. In addition, codes are selected denoting the date of the incident and date the report was received. The appropriate section administrative secretary assigns a unique claim number to the claim, enters the claim data into the claims administration computer system. The claim is then given to the assigned claims specialist to be worked. Data is entered into the database using a standardized screen format. As the claim is investigated, evaluated, settled, denied and/or closed the system is updated.

A query performed by the in-house computer system is able to extract the number of claims worked, the claim number, date the claim was received, the number of claims closed and the closing date.

### **Validity:**

Claims data entered into the claims administration can be retrieved through menu searches, standard and special reports and customized queries. The method used to collect and store the data will remain constant in accordance with the claims administration system.

This measure charts the movement of claims from the beginning investigation to closure. Upon receipt of the claim, staff begins to investigate the facts surrounding the occurrence to determine if there is legal liability on the part of the state, to evaluate the damages claimed by an injured party, and to make appropriate disposition of the claim by denying the claim or settling the claim.

This measure compares the number of claims that staff is able to close during a fiscal year to the number of claims worked during that fiscal year. The number of claims worked is the number of open, pending claims as of the first day of the fiscal year plus the number of new claims received

during the fiscal year. This measurement tracks the movement of claims through the system to ensure timely processing and disposition of claims.

**Reliability:**

All data pertaining to claims 'worked' is entered into the claims administration system database and can be displayed on a uniform computer screen designed specifically for liability claims. Procedures are in place for entry of the claims data into the system. Consequently, claims being worked by staff can be easily obtained from this database. The measurement will fluctuate depending on the number of current, pending claims open on the first day of the fiscal year and the number of new claims received during a fiscal year, however, the methodology of obtaining the measurement will remain constant. Certain events such as claims from highway deterioration, MedFly spraying, etc., can cause the number of new claims received to increase dramatically. Also, legislative changes and case law changes can impact new claims. The events cannot be controlled and the number of new claims received impacts the number of claims staff is able to close.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** State employee Workers' Compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employee payroll as compared to prior years

**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:**

When a work-related injury occurs, the injured employee is required to report the injury to their supervisor or to their agency's personnel department. The injury information is then phoned into 1-800 claims reporting service provider by the supervisor or injured employee. From this information, the 1-800 claims reporting service provider produces a First Report of Injury, which is sent overnight mail to the State Property and Casualty Claims Program. The 1-800 claims reporting service provider electronically transfers the daily claim information to the State Property and Casualty Claims Program. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program electronically down-loads the First Report of Injury information into the claims administration system (STARS), and this becomes the origin of a claim file maintained in the Bureau of State Employees' Workers' Compensation Claims. The State Property and Casualty Claims Program receive claims from all state agencies and average approximately 15,000 reported claims each year.

From 1977 until June 2004 Corporate Systems, Inc. was the contract vendor providing computer software services and mainframe back-up support for the State Self-Insured Claims Adjustment Service. The claims administration software vendor since June 2004 is Marsh, and the software system is called STARS.

The Benefit Cost Rate is a nationally recognized method for comparison of workers' compensation costs representing dollars paid in indemnity (lost wages) and medical benefits as a percentage of payroll reflecting the cost of workers' compensation claims per \$100 of payroll. Data used to calculate the amounts paid for indemnity and medical benefits is maintained in STARS. This data is retrieved by a report that totals the indemnity and medical benefits for a given fiscal year. The amount of payroll is obtained from the Department of Financial Services. The program's Benefit Cost Rate has been calculated since Fiscal Year 1991-92.

### **Validity:**

This measurement recognizes the relationship between an employer's payroll and the cost of workers' compensation claims. Since the Benefit Cost Rate compares the total

benefits paid to the employer's total payroll, this ratio reflects whether an employer has a high cost of claims or a relatively low cost of claims. Many factors play a role in this measurement including the number of claims, severity of claims, medical cost containment programs, return to work programs, quality of claims adjusting, quality of legal defense firms and the amount of fraud involved.

During a period of a worsening economy, the Benefit Cost Rate (workers compensation claim costs) would be expected to increase because workers would likely choose workers' compensation benefits instead of unemployment or no wages at all.

This measurement is a valid indicator of the bureau's adjusting service since the cost of claims is reflected by how well they are handled. When claims are handled efficiently and economically a lower "bottom line" paid for medical and indemnity benefits should be reflected. The Benefit Cost Rate is nationally recognized for expressing how well workers' compensation programs are handling claims and controlling costs per \$100 of payroll. In addition, the Benefit Cost Rate accounts for changes in the number of employees, employee salaries, medical benefit and indemnity costs rather than total costs for a specific period of time.

**Reliability:**

The same procedures for collecting and analyzing data necessary to calculate the Benefit Cost Rate have been used for each year that Benefit Cost Rate figures have been calculated. Therefore, the State Property and Casualty Claims Program Benefit Cost Rate figures calculated over the years have been based on data that was recorded consistently and calculations that were made consistently.

A variable that can affect reliability is injuries and associated costs incurred by "other statutory employees". These "other statutory employees" are covered and included for workers' compensation benefits but are not included for payroll purposes, therefore, resulting in a higher Benefit Cost Rate. Fortunately, injuries to "other statutory employees" have been rare in the past and not resulted in a significant financial impact. However, if the legislature adds coverage for "other statutory employees" this could have an impact.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, F.A.C.

**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 timely medical payment is a medical payment that was made within the time limits specified in Division of Workers' Compensation Rules. Physicians and pharmacy bills must be paid within 45 days after the bill is submitted. A timely indemnity payment is an indemnity payment that was paid within the time limits specified in section 440.20, Florida Statutes.

Indemnity payments are based on weekly earnings but the vast majority of benefits are paid every two weeks. In determining whether an indemnity payment was made timely, claim administration reports (STARS) examine the "from and through" dates of the pay period and compare the date of the payment to the from date plus 13 days of the pay period. With the exception of initial indemnity payments, an indemnity payment made on or before the-from date plus 13 days is considered a timely payment. The initial indemnity payment is measured against the-from date plus six days.

When a work-related injury occurs, the injured employee is required to report the injury to their supervisor or to their agency's personnel department. The injury information is then phoned into 1-800 claims reporting service provider by the supervisor or injured employee. From this information, the 1-800 claims reporting service provider produces a First Report of Injury, which is sent overnight mail to the State Property and Casualty Claims Program. The 1-800 claims reporting service provider electronically transfers the daily claim information to the State Property and Casualty Claims Program. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program electronically down-loads the First Report of Injury information into the claims administration system (STARS), and this becomes the origin of a claim file maintained in the Bureau of State Employees' Workers' Compensation Claims.

From 1977 until June 2004 Corporate Systems, Inc. was the contract vendor providing computer software services and mainframe back-up support for the State Self-Insured Claims Adjustment Service. The claims administration software vendor since June 2004 is Marsh, and the software system is called STARS.

Workers' Compensation Specialists, Insurance Specialists II's, and Workers' Compensation Examiners investigate new claims, determine the compensation amount and if appropriate, calculate benefits due and initiate indemnity payments (payments for lost wages) to injured workers. Also, bureau claims staff initiates the process for the payment of medical bills on all non-managed care claims. All medically necessary medical care provided to employees injured after 1/1/97, is provided by one of the state's contracted medical case management service provider. The medical case manager arranges and monitors medical care. Humana is responsible for providing medical services for a period of three years following a job related injury or illness with an accident date of 1/1/97 through 12/31/02. The State Property and Casualty Claims Program is responsible for the payment of medical services on Humana managed care claims for services rendered more than three years after the accident date. However Humana remains contractually obligated to provide medical case management on these dates of accident. Medical bills on non-managed care claims are received and reviewed by the claims staff before being processed by our medical bill review and adjustment contracted provider. The vendor re-prices these bills according to the Workers' Compensation Fee Schedule and forwards them to the Financial Section in the State Property and Casualty Claims Program. The Financial Section issues the check to the medical provider. Indemnity payments are authorized and requested by the bureau claims staff. The Financial Section also issues checks for indemnity benefits.

All payment data is entered into STARS for each claim including the date of each indemnity and medical payment. Time limits for the payment of indemnity and medical benefits are set forth in the Department of Financial Services, Division of Workers' Compensation Rules and Chapter 440, Florida Statutes. Pursuant to these requirements, entities providing workers' compensation benefits must meet the timeliness standards 95 percent of benefit payments. Medical payment audits are conducted by registered nursing consultants at the Bureau of State Employees' Workers' Compensation Claims to determine the percentage of compliance for medical payments. The results of these audits are reported each month in a written report to the Bureau Chief including the percentage of timely payments. Beginning in 2005 information regarding timely payment of medical bills is captured by the Division of Workers' Compensation Central Performance System (CPS). Data is provided from this source on the number of medical bills processed and the number paid timely.

In determining whether an indemnity payment was made timely, claim administration reports (STARS) examine the "from and through" dates of the pay period and compare the date of the payment to the from date plus 13 days of the pay period. With the exception of initial indemnity payments, an indemnity payment made on or before the from date plus 13 days is considered a timely payment. The initial indemnity payment is measured against the from date plus 6 days. The total number of timely-payments is divided by the total number of indemnity payments to determine the percentage of timely indemnity payments.

**Validity:**

Timeliness is a generally recognized measurement, which is documented in the Florida Department of Financial Services, Division of Workers' Compensation Rules and Chapter 440, Florida Statutes. There is a standard of performance for carriers, self-insurers, employers and servicing agents in promptness of payment of indemnity

benefits and payment of medical bills. The minimum timely performance standard is ninety-five percent (95 percent). There are monetary penalties for late indemnity and medical payments not meeting the 95 percent standard. The Department of Financial Services, Division of Workers' Compensation audits claim handling entities to determine compliance with the minimum timeliness standards. Such an audit was conducted on the State Property and Casualty Claims Program during 1997. The findings of this audit documented that the Program was prompt in the payment of compensation and prompt in the disposition of medical bills.

Timeliness is a generally recognized measurement, which is documented in the Florida Department of Financial Services, Division of Workers' Compensation Rules and Chapter 440, Florida Statutes. There is a standard of performance for carriers, self-insurers, employers and servicing agents in promptness of payment of indemnity benefits and payment of medical bills. The minimum timely performance standard is ninety-five percent (95 percent). There are monetary penalties for late indemnity and medical payments not meeting the 95 percent standard. Therefore, the percentage of timely payments has been shown to be a valid indicator of overall program performance.

**Reliability:**

Indemnity and medical payment data is maintained in STARS, the claims administration system of the State Property and Casualty Claims Program. This data is retrieved by reports comparing the indemnity payment date (date the check is printed and mailed) to the indemnity payment from date plus 13 days (the from date of the pay period). The total number of payments for medical is retrieved as well. Monthly claim audits accomplished by the program's registered nurse consultants determine the percentage of medical bills processed and paid timely. Also beginning in 2005 information regarding timely payment of medical bills is captured by the Division of Workers' Compensation Central Performance System (CPS). Data is provided from this source on the number of medical bills processed and the number paid timely. The percentage of timely payments is calculated using these numbers. Data to make these calculations has been entered and retrieved in a consistent manner since 1991.

Even though the process of making indemnity and medical payments is initiated by the bureau claims staff, there are other personnel and work units that are involved in this process that can affect timeliness. If agency personnel do not report lost time injuries in a timely manner, indemnity payments could be late. If our Financial Section does not process requests for indemnity payments in a timely manner, this could cause indemnity payments to be late.

In order to initiate indemnity payments, the bureau claims staff must receive information that the injured employee is not able to work. If this information is not received timely from physicians, medical providers, medical case management providers, the employer or the employee, this can cause indemnity payments to be late.

Medical bills are processed by our bill review/re-pricing contracted vendor and must be completed timely. In addition to the timely review/re-pricing of medical bills, the State Property and Casualty Claims' Financial Section must also issue checks in a timely manner to meet the standard.

If indemnity payments are made in a timely manner, claimants are more likely to be satisfied with the manner in which their claim is being handled and are less likely to retain an attorney. This benefits the overall program and reduces the cost of a workers' compensation claim.

The Department of Financial Services, Division of Workers' Compensation, audits claim handling entities to determine compliance with the minimum timeliness standards. Such an audit was conducted on the State Property and Casualty Claims Program during 1997. The findings of this audit documented that the Program was prompt in the payment of compensation and prompt in the disposition of medical bills.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of 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** (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:**

In accordance with Chapter 284, Part II, Florida Statutes, the State Self-Insured Claims Adjustment Service is given the responsibility of investigating, evaluating, and making the appropriate disposition of civil negligence (general and auto liability), federal civil rights and employment claims and lawsuits filed against the state of Florida (its employees, agents and volunteers). This involves determining the state's legal liability and the amount of damages that should be paid (or not paid) as a result of the claim.

Claims that are filed by the public at large are sorted and scanned when received then routed to the appropriate administrator. The administrator reviews the claim(s) and determines the following: the claimant information, the appropriate agency, the county of the claim, the allegation stated, the applicable coverage, the date of the occurrence and the date reported. The administrator(s) also establishes a reserve and assigns the claim to staff. All codes are standardized in the claims administration system. Using the completed code sheet the administrative secretary enters the data in the claims administrative system and establishes a claim and a unique claim number. All payments made on a specific claim are entered into the payments field of the database and are categorized by type (bodily injury, property damage, and expenses (legal, non-legal)). To determine the amount paid on a claim(s), a query is used to extract the costs from the payments file. A query is also used to extract the number of cases reported for a given fiscal year.

Claims data is entered into the Divisions STARS claims administration system. Data is retrieved from this system through standard menu searches, standard and special reports and customized queries.

Claims are analyzed by fiscal year. Claims occurring during a particular fiscal year are analyzed on June 30, four years after the end of the fiscal year. For example, claims that occurred during FY 2002-03 would be analyzed on June 30, 2007.

The total number of claims with payment activity and the total amount paid are extracted from data stored in the computer system by the use of special queries.

**Validity:**

The average cost of state liability claims measures the overall effectiveness of the program by comparing the average cost of liability claims from year to year.

This measurement is the average cost for tort liability claims occurring in a particular fiscal year after four years of claim development for tort claims. This period of time (four years) is necessary to capture claim payments that may spread over many years after a claim occurs. These payments include legal and non-legal expenses, not just the settlement payment that may be made to a claimant. From analyzing data it is determined that data for at least four years for tort claims would be necessary to encompass a sufficient percentage of the total payments ultimately made for tort claims occurring within a fiscal year. Over a period of years, this measurement will indicate whether the average cost per claim is increasing, decreasing or remaining stable. Many factors play a role in this measurement including the number of claims, severity of claims, timely reporting of claims, the scope and effectiveness of agency safety programs, inflation, quality of claims adjusting, quality of legal defense firms, legislation/laws effecting recoverable damages and the amount of fraud involved.

**Reliability:**

The same procedures for analyzing the data necessary to calculate the average cost per liability claim have been used since 1977. Therefore, average cost per claim figures are based on data that was recorded consistently and calculations that were made consistently.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of 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** (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:**

In accordance with Chapter 284, Part II, Florida Statutes, the State Self-Insured Claims Adjustment Service is given the responsibility of investigating, evaluating, and making appropriate disposition of civil negligence (general and auto liability), federal civil rights and employment claims and lawsuits filed against the state of Florida (its employees, agents and volunteers). This involves determining the state's legal liability and the amount of damages that should be paid (or not paid) as a result of the claim.

Claims that are filed by the public at large are sorted and scanned when received and routed to the appropriate administrator. The administrator reviews the claim(s) and determines the following: the claimant information, the appropriate agency, the county of the claim, the allegation stated, the applicable coverage, the date of the occurrence and the date reported. The administrator(s) also establishes a reserve and assigns the claim to a program specialist. All codes are standardized in the claims administration system. Using the completed code sheet, the data is entered into the claims administration system and establishes a claim and a unique claim number. All payments made on a specific claim are entered into the payments field of the computer and are categorized by type (bodily injury, property damage, and expenses (legal, non-legal)). To determine the amount of money paid on a claim(s), a query is used to extract the costs from the payments file. A query is also used to extract the number of cases reported for a given fiscal year.

### **Validity:**

Claims are analyzed by fiscal year. Claims occurring during a particular fiscal year are analyzed on June 30 six years after the end of the fiscal year. For example, claims that occurred during FY 2002-03 would be analyzed on June 30, 2009.

The total number of claims with payment activity and the total amount paid are extracted from data stored in the computer system by the use of special queries.

The average cost of federal civil rights liability claims measures the overall effectiveness of the program by comparing the average cost of these claims from year to year.

This measurement is the average cost for federal civil rights and employment liability claims occurring in a particular fiscal year after six years of claim development. This

period of time (six years) is necessary in order to allow capture of claim payments that may spread over many years after a claim occurs. These payments include legal and non-legal expenses, not just the settlement payment that may be made to a claimant. From analyzing our data, we determined that data for at least six years for civil rights and employment claims would be necessary to encompass a sufficient percentage of the total payments ultimately made for this group of claims occurring within a fiscal year. Over a period of years, this measurement will indicate whether the average cost per claim is increasing, decreasing or remaining stable. It is recognized that many factors play a role in this measurement including the number of claims, severity of claims, timely reporting of claims, the scope and effectiveness of agency safety programs, inflation, quality of claims adjusting, quality of legal defense firms, legislation/laws effecting recoverable damages and the amount of fraud involved.

**Reliability:**

The State Property and Casualty Claims Program has used the same procedures for collecting and analyzing data necessary to calculate the average cost per liability claim since 1977. Therefore, average cost per claim figures are based on data that was recorded consistently and calculations that were made consistently.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Average cost of property claims 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:

The claim process begins upon receipt of a Notice of Loss (NOL) form or a telephone report of property damage. The Insurance Analyst I verifies property coverage after the current insurance certificate file is pulled. The information is attached to the NOL. Once coverage is verified the claim is assigned to an adjuster. When the adjuster recommends that a damaged site needs an inspection, it is reviewed with the supervisor and/or bureau chief to determine whether or not a site visit is warranted. If a site visit is warranted, the adjuster and/or supervisor visit the damage site to obtain information and document damages. This is done using photographs, sketches, measurements, and interviews with agency personnel and securing agency inventory documents. Upon return to the office the adjuster begins the claim estimating process using standard estimating procedures based on the most current cost data available from published industry construction cost manuals in conjunction with the collected field data. The adjuster provides final cost estimate figures for use in claims processing.

The set up of the claim process includes assignment of a unique claim number that incorporates the appropriate fiscal year, insured agency certificate number and a sequence number according to the order the claim was received. It further includes input into a manual claims logbook, input into the claims administration system database by staff in the property section. Information initially input into the database includes claim number, date of loss, report date, location number, cause of loss and claim reserve/estimate of loss. Actual claim payment information will be input at a later date once the amount to be reimbursed is determined. The information in the database is checked and verified by the Insurance Analyst I immediately after file setup to ensure it is correct in both systems.

Once documentation has been received staff reviews are conducted to determine that sufficient documentation is present to conclude the claim. A Certificate of Proof of Loss and a letter is prepared indicating the amount to be paid for the agency's loss.

Since we have very little control over this average, all management can do is try and recommend a realistic standard. Based on current estimations and assuming no catastrophic losses, we request this standard be increased to \$9,000. This average is used by management as information only and does not reflect on work performance by the property claims unit.

**Validity:**

The average cost of property claims measures the average cost of property claims paid from year to year. This measurement is the average cost for property claims paid during a particular fiscal year. Over a period of years this measurement will indicate whether the average cost per claim is increasing, decreasing or remaining stable. It is recognized that many factors play a role in this measurement including such things as the number of claims, severity of claims, the scope and effectiveness of agency safety programs, inflation and quality of claims adjusting.

**Reliability:**

The same procedures for collecting and analyzing data necessary to calculate the average cost per property claim have been used since 1994. Therefore, average cost per claim figures are based on data that was recorded consistently and calculations that were made consistently.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Risk Services training and consultation as measured by the number of training units (1unit=8 hours) provided and consultation contacts made

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:

Prior to 1994, the same multi-day training program was presented several times a year consisting of numerous subjects covered in a brief fashion. During 1994, the State Self-Insured Claims Adjustment Service was reorganized and the goals and services were changed to address specific technical loss control and loss prevention issues on an in-depth basis. The topics selected for training were the result of examining several areas. First the frequency statistics found in the Claims Administration Database are analyzed identifying the most frequent types of injuries. The State Self-Insured Claims Adjustment Service staff solicited input from the agencies on what topics they needed assistance with and also included topics for training to address current trends and emerging issues in loss prevention. These assessment tools are used on a periodic basis to continue to meet the customers' needs.

Section 284.50, Florida Statutes, requires each agency head to appoint a Safety Coordinator and an Alternate Safety Coordinator who are responsible for implementing the agency's loss prevention program. Since 1995 State Self-Insured Claims Adjustment Service has been offering training to the Safety Coordinators and Alternates on specific topics on an in-depth basis to assist them in the development and implementation of their programs.

Training programs are organized to provide attendees with sufficient technical information that will allow them to establish programs in their agencies. They include, whenever possible, forms and information that can be readily copied and easily implemented to address specific hazards and assist in the reduction of work related injuries.

Each training and consultation unit is counted based on eight hours of work contribution equaling one unit. In the area of safety training, researching the topic, developing a course outline, writing the oral presentation, researching, designing and developing visual aids; researching, developing, and formatting resource materials and handouts; and preparing and rehearsing the oral presentation is counted as work contribution. The work contribution also includes clerical support efforts for typing, formatting, printing and collating. In the area of safety consultations all time involved for the staff in preparing, researching, developing and follow up for the consultation is counted.

Therefore as the hours are counted, we can measure the number of training units provided and consultations made.

**Validity:**

This output provides the number of units supplied to the agencies in the areas of training and consultation. These units assist in the reduction of the number of injuries in state government. As training, resource materials and consultations are provided to the Safety Coordinators and Alternates; it will be easier to implement programs at the agencies.

Training is defined as any formal or informal training involving loss prevention, loss control or any other type of industrial safety training that is meant to lower claims cost for the state of Florida.

Formal training announcements are distributed to all agencies regarding each training program that is offered. Agencies then register for classes and sign in at the beginning of each course. Sign-in sheets are retained indicating the names of the attendees from each agency. Informal training involves an invitation from an agency for specific safety training for only that agency. Sign-in sheets are retained indicating the names of the attendees from that agency.

Consultations are defined as any formal or informal contact involving an agency safety official. The issues discussed must pertain to loss control, loss prevention or other risk management and safety issues.

**Reliability:**

A monthly time log is maintained by all staff members and is turned in to the administrator at the end of the month being counted. The administrator maintains a running total of the time.

Original agendas, sign-in sheets, and copies of resource materials are maintained and input into a spreadsheet file for analysis.

This measure combined Risk Services training units provided to state agency personnel and the number of Risk Services consultative contacts made into the current measure. The actual measure of consultative contacts made had several levels of measure depending on the complexity of the consultation. The training units provided measured one-half hour modules for each unit. Some of the training is performed in the form of consultative contacts on a one-on-one basis with the agencies. Therefore a more standardized measure was developed and training unit has been defined as eight hours of training.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**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** (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:**

When a work-related injury occurs, the injured employee is required to report the injury to the assigned supervisor or to the agency's personnel department. The injury information is then phoned into 1-800 claims reporting service provider by the supervisor or injured employee. From this information, the 1-800 claims reporting service provider produces a First Report of Injury, which is sent overnight mail to the State Property and Casualty Claims Program. The 1-800 claims reporting service provider electronically transfers the daily claim information to the State Property and Casualty Claims Program. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program electronically down-loads the First Report of Injury information into the claims administration system (STARS), and this becomes the origin of a claim file maintained in the Bureau of State Employees' Workers' Compensation Claims. The State Property and Casualty Claims Program receive approximately 15,650 new claims each year from all state agencies and universities.

From 1977 until June 2004 Corporate Systems, Inc. was the contract vendor providing computer software services and mainframe back-up support for the State Self-Insured Claims Adjustment Service. The claims administration software vendor since June 2004 is Marsh, and the software system is called STARS.

The 1-800 claims reporting service vendor assigns unique claim numbers for each incident involving workers' compensation. These claims are assigned to staff for administration. Each claim entered into the system is consistently recorded by date of accident and date reported. This allows for access to the number of new claims reported during any given period. Staff investigates new claims, determine qualification of compensation, calculate benefits due and initiate payments to injured workers. They also coordinate, supervise and monitor the state's contracted medical management organization. Some claims are settled through negotiation, litigation or mediation. All payment data is entered into the claims administration system (STARS) by date allowing for payments to be identified during a certain period of time.

The number of new claims reported during the current year plus the number of claims from prior years requiring payment activity represent the number of claims worked. This is the number of claims that require action. There is a myriad of work activities that staff

are required to perform in providing claims adjusting services. The number of claims worked is a simplified measurement that has been shown to be a good indicator of the total work activities performed by staff. The claims administration system has tracked the number of claims worked consistently in the same manner since Fiscal Year 1977-78. The number of claims worked has also been utilized since the mid-1980's to determine staffing requirements needed to accomplish the mission of providing workers' compensation claims adjusting services for injured state employees since it has proven to be an excellent indicator of workload.

**Validity:**

The output measures the workload of the program as it measures staff work activities required on new claims, plus work activities required on prior year claims in the current year. It is important to note that workers' compensation claims have historically had a "long tail." This "long tail" requires active prior year claims be worked for many years after the original date of occurrence.

**Reliability:**

The number of workers' compensation claims worked represents all work required on new workers' compensation claims, and work required on prior year claims as defined by payment activity during the current year. It is recognized that there could be work done on prior year claims with no payments made in the current year. However, this number is recognized to be negligible. Considering the large number of claims reported each year and the large number of claims on which payments are made this methodology has demonstrated accuracy in reflecting the number of claims requiring work.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of liability claims worked

**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:**

In accordance with Chapter 284, Part II, Florida Statutes, the State Property and Casualty Claims Program is given the responsibility of investigating, evaluating, and making appropriate disposition of civil negligence (general and auto liability), federal civil rights and employment claims and lawsuits filed against the state of Florida (its employees, agents and volunteers). This involves determining the state's legal liability and the amount of damages that should be paid as a result of the claim.

The original providers for data are the 'third party' persons who file claims against the state and in turn the 'data sources' are the claims that are received to 'work'. All measurements are reflected by fiscal year and there should be no instance when this data is not available.

Claims that are filed by the public at large are sorted and scanned when received, then routed to the appropriate administrator. The administrator reviews the claim(s) and determines the following: the claimant information, the appropriate agency the claim is filed against, the county of the claim, the allegation stated, the applicable coverage (general, auto liability, federal civil rights, etc.), the date of the occurrence and the date reported. The administrator also establishes a reserve and assigns the claim to staff. All codes are standardized in the claims administration system. Using a completed code sheet the administrative secretary enters the data in the computer and establishes a claim and a unique claim number. The claim is then given to the assigned specialist to begin the claim evaluation process.

Claims data entered into the claims administration system can be retrieved through menu searches, standard and special reports and customized queries.

The primary reason we did not meet this standard for FY 11/12 (we missed by 542 claims) was that we received 135 fewer claims in FY 11/12 than we did in FY 10/11. We request this measure be revised to 5,048 which is the average of the last three fiscal years

### **Validity:**

To determine the number of claims worked a query is used to extract the claim number(s) of claims open on the first day of the fiscal year and of claims received during

the fiscal year. The procedures, database and codes used remain constant with no fluctuation and will not change in the near future. The only possible change not under control would be prediction of unusual circumstances (e.g., MedFly Claims, highway deterioration claims) that might affect claims numbers. Also, anticipation of legislative or case law changes that might impact the caseload cannot be controlled. These “changes” however would only influence the number(s) of claims ‘worked’ and not the basic validity of this output.

This measurement establishes the number of claims worked. The number of claims worked is the number of new claims reported during the current fiscal year, plus the number of open, pending unresolved cases from prior fiscal years that are open at the beginning of the fiscal year. This measurement tracks the movement of claims to ensure timely processing and disposition of these claims.

**Reliability:**

All data pertaining to claims ‘worked’ is entered into the claims administration system database and can be displayed on a uniform computer screen designed specifically for liability claims. Procedures are in place for entry of the claims data into the system. Consequently, claims being worked by staff can be easily obtained from this database. The measurement will fluctuate depending on the number of current, pending claims open on the first day of the fiscal year and the number of new claims received during a fiscal year, however, the methodology of obtaining the measurement will remain constant.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**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** (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:**

When a work-related injury occurs, the injured employee is required to report the injury to the assigned supervisor or to the agency's personnel department. The injury information is then phoned into 1-800 claims reporting service provider by the supervisor or injured employee. From this information, the 1-800 claims reporting service provider produces a First Report of Injury, which is sent overnight mail to the State Property and Casualty Claims Program. The 1-800 claims reporting service provider electronically transfers the daily claim information to the State Property and Casualty Claims Program. A copy of the First Report of Injury is mailed to the injured employee, and another copy is faxed to the reporting agency. The State Property and Casualty Claims Program electronically down-loads the First Report of Injury information into the claims administration system (STARS), and this becomes the origin of a claim file maintained in the Bureau of State Employees' Workers' Compensation Claims.

From 1977 until June 2004 Corporate Systems, Inc. was the contract vendor providing computer software services and mainframe back-up support for the State Self-Insured Claims Adjustment Service. The claims administration software vendor since June 2004 is Marsh, and the software system is called STARS.

Claims are handled or adjusted by Workers' Compensation Specialists, Insurance Specialist II's, and Workers' Compensation Examiners at the State Property and Casualty Claims Program. Claims are handled directly with the injured employee until the injured employee elects to retain an attorney. At that time, the bureau claims staff retains an attorney to defend the claim, and a "to Legal" date is entered into STARS in a special date field. This method of data entry has been used consistently since 1978 with the number of claims in litigation being tracked.

### **Validity:**

This measurement is an indicator of employee satisfaction with how their claims were handled and how well the claims staff is handling claims. An injured employee who is satisfied with the way his/her claim is handled is less likely to retain an attorney than an employee who is dissatisfied. A decrease in the number of claims litigated indicates an

increase in employee satisfaction with the way their claim was handled and that claims are being handled properly, timely and correctly by claims staff.

Work activities that can affect satisfaction and whether the claim is handled properly, timely and correctly include:

- >prompt contact with the claimant
- >prompt investigation of the claim
- >prompt and fair determination of compensation
- >prompt delivery of quality medical care
- >prompt and accurate payment of lost wages (indemnity benefits)
- >continuing contact with the claimant
- >return to work activities
- >a fair settlement offer on cases that are settled

**Reliability:**

Although the number of claims litigated is a measure of claim handling satisfaction, there are factors beyond the control of claims staff that can cause the number of claims litigated to increase. If there were a significant increase in the number of claims reported, then the number of claims litigated would be expected to increase at a similar rate. The lower the case load the more time claims staff have to spend on each claim and translates into better quality of claims handling and increased employee satisfaction.

Another aspect of the workers' compensation claims process that is somewhat beyond the control of the claims staff is the delivery and quality of medical care. The State Property and Casualty Claims Program contracts with a medical case management vendor to provide medical care to injured employees and this care is provided through the vendor's network of medical providers. Although the bureau claims staff supervise all activities on a claim, the delivery and quality of medical care provided by the medical case management vendor is somewhat out of their control. Dissatisfaction with medical care can lead to increased attorney involvement and number of claims litigated.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of state property/loss damage claims worked

**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 claim process begins upon receipt of a Notice of Loss form or a telephone report of property damage. Coverage of the property is verified by pulling the current certificate file and attaching a copy of coverage information to the Notice of Loss. Once coverage is verified a determination is made whether or not a site visit is warranted. If a site is warranted the insurance adjuster visits the damaged site to obtain information and document damages. This is done using photographs, sketches, measurement, and interviews with agency personnel and agency inventory documents. Upon return to the office the adjuster begins the claim estimating process using standard estimating procedures based on the most current cost data available from published industry construction cost manuals in conjunction with the collected field data.

The Insurance Analyst I establishes the claim file. This process includes assignment of a unique claim number that incorporates the appropriate fiscal year, insured agency certificate number and a sequence number according to the order the claim was received. It further includes input into a manual claims logbook and input into the claims administration system database. Information initially input into the database includes claim number, date of loss, report date, location number, cause of loss and claim reserve/estimate of loss. Actual claim payment information is input at a later date once the amount to be paid is determined. The information in the database is checked and verified by the Insurance Analyst I immediately after the file is setup to ensure it is correct in both systems.

Once a claim file is set up, an acknowledgement letter is sent advising the claim number and requesting any additional information required to conclude the claim. An initial claim diary is set up in the claims administration system for follow-up in 30 days. If no response is received or the file lacks the documentation necessary to conclude the claim, a second request is mailed requesting response within 30 days and the diary is extended. If no response is received 30 days after the final request, the file is forwarded to higher level management with recommendations for file closure. If a response is received, it is either resolved or the diary for the file is extended at the agency's request to allow additional time to secure the required documentation. This diary system is designed to facilitate flow of information from the state agency to the staff.

At each point that the above requests are made, the appropriate data field in the claims administration system is updated. Once documentation is received from the agency, it is

reviewed by the adjuster to determine if sufficient documentation is present to conclude the claim. Once all required information is received, the adjuster enters the information in the system. The adjuster reviews all documents to determine that they are relevant to the loss and that they fall within the scope of coverage provided by the fund. The adjuster utilizes the documentation provided by the agency or other sources to create the appropriate costs for the repairs or replacements based on the scope of loss as part of the adjustment process. A Claim Summary is prepared which includes a summary of all items which will be reimbursed and any deductions for depreciation, betterment and the applicable deductible. The adjuster enters the completed adjustment data field in the system. If the ACV amount is within the adjuster's claim settlement authority a Certificate of Proof of Loss is prepared indicating the amount to be reimbursed to the agency. If the ACV settlement amount is beyond the adjuster's authority, it is forwarded to the supervisors with recommendation for payment approval. When approval is received from the supervisor, a Certificate of Proof of Loss is prepared and the amount to be reimbursed is sent to the agency for review and signature. The approval data field and the proof sent data field are entered into the claims administration system by the adjuster. Once the proof has been accepted and signed by the agency and received by adjuster, the adjuster requests that a check be issued by our Financial Section to the agency. The file is then closed by the Insurance Analyst I.

Two reports are run to determine the number of claims worked. First, the property claims with loss dates during the current fiscal year are used as they indicate all new claim files that were opened during the current fiscal year relative to a reported loss. Second, the property claims with loss dates during prior fiscal years that were open at the beginning of the current fiscal year are used, as they are still worked periodically in accordance with our claims adjusting procedures. The combination of these reports is totaled to determine the number of claims worked and the reports are verified to ensure that no claim is counted more than once during the fiscal year.

We request the current standard of 275 claims worked per year be reduced. Based on the numbers we are experiencing, we request the standard be revised to 120. Since we have no control over this number, all management can do is try and recommend a realistic standard. This number is used by management for workload information and does not reflect on the quality of work performance by the property claims unit.

**Validity:** This output measures the volume of claim files processed by the State Self-Insured Claims Adjustment Service in its efforts to provide payment to state agencies suffering property losses by named perils.

Buildings and contents are subject to many exposures to loss. The causes of loss covered through the State Risk Management Trust Fund occur at unexpected times and could cause undue financial hardship on the agencies to repair or replace damaged property. This state-self insurance program is set up to provide a means of paying agencies for their unexpected losses as provided by Chapter 284, Part I, Florida Statutes.

**Reliability:** Claims data entered into the system is maintained on dedicated servers that have nightly file backups. The data can be retrieved through menu searches, standard and special reports and customized queries.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Overall average score on the annual Loss Prevention Academy training survey

**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 how well agency and university safety and/or risk managers indicate the usefulness and satisfaction level with the training they receive from the Division of Risk Management, State of Florida Loss Prevention Program's (SFLPP) two-day training Academy.

The Annual Loss Prevention Academy is an event provided by the SFLPP staff for all safety coordinators, workers compensation coordinators, risk managers and attorneys. The Academy is attended on the average by 80 to 100 participants, and features training on occupational safety and health, liability and workers' compensation. The Academy also includes hands on training in navigating and running claim reports from the Division's claim management system STARS, as well as statutorily required training for departmental safety coordinators.

The day before the event, participants are sent an Academy tip sheet informing them of how to get the most out of the training and how to apply the information learned to their safety and loss prevention programs. At the end of the two-day training event, participants are asked to complete a customer satisfaction survey.

The customer satisfaction survey is based on a continuous Likert Scale of 1 to 5, with 1 as the lowest meaning "not satisfied" and 5 as the highest meaning "very satisfied." The questions on the survey includes: (1) How satisfied overall were you with the quality of information provided at the Loss Prevention Academy? (2) How satisfied overall were you with the level of expertise and presentation styles of the speakers at the Loss Prevention Academy? (3) How satisfied overall were you with the training topics provided at the Loss Prevention Academy? (4) How satisfied overall were you with the Loss Prevention Academy? (5) How satisfied are you that you will be able to use the training from the Academy at your agency?

### **Validity:**

In addition to providing insurance coverage, the Division's is also authorized, pursuant to section 284.50 (1) Florida Statutes, to train agency and university safety managers and as of 2011 evaluate agency loss prevention programs. This measure therefore addresses a primary function of the Division. However, the training being measured is

for only one annual event (training agency and university safety managers). The Division has another measure to separately address the year- around training provided. Therefore the measure is somewhat limited in validity as far as measuring the overall training performance of the Division, which must be assessed by considering both training-related measures.

**Reliability:**

Unlike the Division's other measures, this measure does not depend on data entered into STARS related to many claims and payment transactions, but relies on survey results. The survey scores are placed in an excel worksheet by a loss prevention staff member and the calculations are then produced. Therefore there is risk of manual data entry error, although all of the survey documents are kept as a backup for all training events.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Percentage of companies with only class 3 or higher claims closed within 2 years after all **asset collection activity, including 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, Florida Statutes, 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 measure is determined by counting the number of receiverships closed within the fiscal year which involve only class 3 or higher claims and comparing: 1) the number of those which closed within two years of the conclusion of litigation and claims objections to 2) the number of those which did not close within two years of the conclusion of litigation and claims objections.

**Validity:** The current measure is a recently approved revision to a former LRPP measure which required that the Department track the “ratio of companies in receivership discharged to the number of companies placed in receivership during the fiscal year.” The Department requested the revision because it 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. The Department does not regulate companies prior to its appointment as Receiver and as such does not have any ability to prevent a receivership. Since the Department has some control over the number of receiverships which are discharged, however, the Department requested the revision to the currently worded measure with a standard of 90 percent. The current, recently revised measure was believed to provide a more accurate performance measure for the Division’s closure rate of receiverships, particularly as the current measure removed elements of the prior measure that are beyond the control of the Division.

The following additional requirements were built into the current measure in an effort to provide a more accurate performance measure for the activities that are within the control of the Division:

**“only class 3 or higher claims”** – At this time, unless the Division has obtained a release from the federal government through the U.S. Department of Justice, it can only close companies in liquidation that only have funds available to pay class 3 and higher priority claims. This is a result of litigation in which the federal government has successfully argued 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. Government claims (including those of the federal government) fall into the class 4 category and if the Department has already distributed receivership funds but the federal government later files a claim, the Department may be individually liable to pay the federal claim from state budget funds. In recent years, there have been federal congressional proposals to resolve this issue. In addition, the Department and the U.S. Department of Justice have agreed upon a procedure for requesting releases from the federal government. However, until these issues are resolved or unless a release is obtained from the federal government through the indicated process, the Department as receiver cannot close receiverships in which there are sufficient funds to pay Class 4 or lower priority claims. The Department has no control over the length of time it takes for the federal government to agree to a release, even under the agreed upon procedure. Therefore, it is an invalid measure of performance to include receiverships that cannot be closed because of federal law which overrides Florida law and effectively takes away state control over the timing of the closing of those estates.

**“closed within 2 years after all litigation is concluded and all objections have been resolved”** – This portion of the revised measure 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. Upon further review of this measure, the Department determined that revision was needed to this portion of the measure to better reflect that the Department needs to complete all asset collection activity, including litigation, prior to making final distributions and closure of a receivership, particularly for receiverships involving workers’ compensation claims in which full reinsurance recovery may take a number of years following the resolution of litigation, claims issues, etc. For this reason, the Department is proposing the following highlighted revisions to this portion of the measure: **“closed within 2 years after all asset collection activity, including litigation, is concluded and all objections have been resolved.”** The two year period of time remains a reasonable time period from the later of the completion of all asset collection activity or the resolution of claims objections to the closure of a receivership since this will allow ample time for final distribution(s) and wrap-up activities involving the receivership.

With the proposed revisions to the 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 asset collection activity, including 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 two years from the date (this will be considered the “closing deadline month” for each receivership in determining whether or not a receivership met the two-year closing deadline);
- 5) Percentage reported is calculated by dividing the number of receiverships with Class 3 or higher claims closed during the fiscal year that met the two-year deadline by the total number of receiverships with class 3 or higher claims that were closed during the fiscal year.

**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 asset collection activity, including litigation, is resolved since the Department as receiver currently tracks this information involving asset recovery 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 asset collection activity 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: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Percentage 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 percentage 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:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percentage 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 percentage 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: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Percentage of licensees subject to a complaint during the previous 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:

This measure will look at the number of licensees subject to a justified complaint in the previous 12 calendar months. A "justified complaint" is any alleged violation of the Florida Insurance Code or terms of an insurance contract, a demonstrated lack of understanding of products or duties, or other unethical behavior related to their license.

This measure will combine complaint data from the Division of Consumer Services' database, ServicePoint, and the Bureau of Investigation's case tracking system, BAITTS.

### Steps required:

1. Pull all complaints against our Licensees from the Division of Consumer Services database. This will include complaints against individuals, such as agents and adjusters, and will also include business entities, such as insurance agencies or firms.
2. Pull all investigations opened during the previous 12 calendar months. This will include investigations opened with all types of allegations, with the exception that certain cases will be based on the disposition. For the allegations listed below, only those investigations where formal legal action or a letter of guidance was issued:

Address Name Violation	Criminal Proceedings-Pending	Investigations/Licensing Agency
Bail Bond Audit	Documents	Primary Adjuster Violation
Compliance Audit-Title	Failure to Pay Title Insurance	Primary Agent Violation
Criminal Proceedings	Surcharge	Revocation Follow Up
	Failure to Report Admin. Action	Suspension Follow Up

3. Look at the combined list of all complaints and count the number of unique license numbers to determine how many licensees have had a justified complaint.
4. Pull the total number of licensees from ALIS.
5. Divide the number of licensees with a justified complaint by the total number of licensees to get the percentage of licensees with a complaint.

**Validity:** This measure helps us gauge our effectiveness as regulators by showing how many Florida consumers are complaining about our licensees. If we continue to be proactive with investigations, we can hopefully keep the number of licensees being complained against very low. This also shows that our application screening process is working to keep dishonest individuals from entering the market.



**Reliability:**

All systems required to track this measure are deemed to be reliable.

The BAITTS system will be migrating into the ALIS database to allow the Division to track all licensee information in one application. No functionality will be lost with the migration, and all data currently in BAITTS will be transferred into ALIS. The new investigation section of ALIS has been thoroughly tested and is scheduled to launch this fall.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Cost of Licensing operations cost per active license

**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 look at the operational cost of the Division per active license (some licensees may hold more than one active license).

1. Get overall Division operational expenses during the current fiscal year.
2. Divide the operational expense amount from Step 1 by the total number of active licenses in from the license database (ALIS).

The overall operational expenses will come from the Division's budget information in the FLAIR system. The number of active licenses will be pulled from the licensing database, ALIS.

### **Validity:**

This measure will help monitor the effectiveness of the Division of Agent & Agency Services to ensure we are maximizing efficiency and resources.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

This measure will look at the amount the Division has spent during the current fiscal year. Because some invoices are received on an annual or quarterly basis, the operational cost per active license will likely start at a higher rate and then fluctuate throughout the year as expenses are paid. The operational cost per enforcement action for June, the last month of the fiscal year, will be the final amount for that fiscal year's report.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection/43500000

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Cost of Investigation operations per 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:**

This measure will look at the operational cost per enforcement action within the Bureau of Investigation. An enforcement action is any formal disciplinary action against a Licensee, including Final Orders, Consent Orders and Settlement Stipulation. It also includes any instance of a Licensee's appointments cancelling due continuing education noncompliance.

1. We will start by pulling the overall operational expenses in the Bureau of Investigation during the current fiscal year.
2. Then divide the amount in Step 1 by the total number of enforcement actions taken during the current fiscal year.

The overall operational expenses will come from the FLAIR system. The number of enforcement actions will be pulled from the Bureau of Investigation case tracking database, BAITTS, and the continuing education area of ALIS.

### **Validity:**

This measure will help monitor the effectiveness of our investigative operations to ensure we are maximizing efficiency and resources.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

The BAITTS system will be migrating into the ALIS database to allow the Division to track all licensee information in one application. No functionality will be lost with the migration, and all data currently in BAITTS will be transferred into ALIS. The new investigation section of ALIS has been thoroughly tested and is scheduled to launch this fall.

This measure will first look at the amount spent to date during the current fiscal year in the Bureau of Investigation. Because some invoices are received on an annual or quarterly basis, the operational cost per enforcement action will likely fluctuate throughout the year as expenses are paid. The operational cost per enforcement action for June, the last month of the fiscal year, will be the final amount for that fiscal year's report.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Percentage of licensees disciplined for a practice violation in the past 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:**

This measure will look at the number of licensees subject to a practice violation enforcement action in the previous 12 calendar months. A “practice violation” is any violation of the Florida Insurance Code resulting in harm or possible harm to others. An enforcement action is any formal disciplinary action against a Licensee, including Final Orders, Consent Orders and Settlement Stipulation.

1. We will start by pulling the number of licensees from ALIS.
2. We will then pull the number of practice related enforcements from BAITTS.
3. We will then divide the enforcements in Step 2 by the total number of licensees in Step 1.

### **Validity:**

This measure helps us gauge our effectiveness as regulators by showing how many individuals who were granted a license later used that license improperly in such a manner that harm was or could have been caused to Floridians. This also shows that our application screening process is working to keep dishonest individuals from entering the market.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

The BAITTS system will be migrating into the ALIS database to allow the Division to track all licensee information in one application. No functionality will be lost with the migration, and all data currently in BAITTS will be transferred into ALIS. The new investigation section of ALIS is in development and will hopefully be launched this fiscal year.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of investigations completed per investigator

**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 look at productivity within the Bureau of Investigation. An investigation results from the receipt of a complaint alleging a violation of law the Division is statutorily obligated to open an investigation on every complaint received. Investigations are closed when all the necessary facts of the issue are gathered and it is determined that probable cause exists or does not exist to proceed with formal administrative action.

1. We will start by pulling the number of closed investigations during the fiscal year from BAITTS.
2. We will then pull the number budgeted investigators from the agency budget. Currently, all investigator positions are assigned to the Field Operations Section of the Bureau of Investigations and are classified as Insurance Analyst II or Government Analyst I.
3. We will then divide the number of investigations in Step 1 by the total number of investigators in step 2.

### **Validity:**

This measure will help monitor the efficiency of our investigative operations to ensure we are properly utilizing resources.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

The BAITTS system will be migrating into the ALIS database to allow the Division to track all licensee information in one application. No functionality will be lost with the migration, and all data currently in BAITTS will be transferred into ALIS. The new investigation section of ALIS is in development and will hopefully be launched this fiscal year.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of applications processed per licensing FTE

**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 look at productivity within the Bureau of Licensing. Applications include license applications, course applications, instructor applications and education provider applications.

1. We will start by pulling the number of processed applications during the fiscal year from ALIS.
2. We will then pull the number budgeted FTEs for the Bureau from the agency budget. All staff in the Bureau are involved in some portion of the licensing process.
3. We will then divide the number of applications in Step 1 by the total number of FTEs in step 2.

### **Validity:**

This measure will help monitor the efficiency of our licensing operations to ensure we are properly utilizing resources.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators

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:** COPSavers reports, the source for data on the current measures. The calculation is completed by dividing the number of insurance fraud cases opened into the number of insurance fraud cases presented for prosecution.

### Validity:

Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

### Reliability:

The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Number of insurance fraud arrests (not including workers' compensation arrests)

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:** COPSavers reports, the source for data on the current measures. The base number of arrests is taken from the COPSavers reports.

### Validity:

Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

### Reliability:

The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Number of workers' compensation insurance fraud arrests (not including general fraud arrests)

**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:**

COPSavers reports, the source for data on the current measures. The base number of arrests is taken from the COPSavers reports .

### **Validity:**

Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

### **Reliability:**

The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Number of cases presented for prosecution

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:

COPSavers reports, the source for data on the current measures. This is just a raw number of the cases that are presented. There is no calculation necessary to determine this count.

### Validity:

Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

### Reliability:

The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

## RPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Court ordered restitution as a percentage of requested restitution

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:

COPSavers reports, the source for data on the current measures. The calculation is completed by dividing the amount of requested restitution by the court ordered restitution.

### Validity:

Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

### Reliability:

The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

## RPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Requested restitution as a percentage of the annual appropriated budget

**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:**

COPSavers reports, the source for data on the current measures. The calculation is completed by dividing the amount of requested restitution by the Division of Insurance Fraud's annual budget as listed in the general Appropriations Act for that current fiscal year.

### **Validity:**

Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measure.

### **Reliability:**

The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

## 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 ~~consumer activities~~ helpline call and service request audits 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 percentage of activities performed by Division staff that result in quality service to insurance and financial services consumers. This measurement is important in determining the Division's overall level and quality of service. An internal audit program was established to promote self-regulation by reviewing and measuring the quality and quantity of work produced by Division staff. The audit program enables the Division to place more emphasis on accountability and to ensure all critical information is identified, collected, evaluated, analyzed and disseminated as required. Audits are conducted on requests for assistance and helpline calls. The audit includes such measures as the quality of information provided, the accuracy of the information, timeliness, and written and oral communication.

The standard for providing quality service was determined by reviewing the audit form and evaluating the minimum necessary actions needed to provide quality service. The standard was established by the Division Management Team. The number of calls and Service Requests resulting in quality service is determined by the number of helpline and Service Request audits that meet or exceed the Division standard. That number is then divided by the total number of audits conducted, resulting in the percentage of audits that result in quality service.

The audits are performed by Division Managers and Division Auditors. Audits are conducted on consumer helpline calls and consumer service requests. Audit reports are produced monthly and quarterly and shared with staff.

**Validity:** The audit process was developed by the Division Management Team and Division Auditors based upon the internal procedures designed to provide quality service to consumers. The percentage 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: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of consumers satisfied with the services provided ~~who rate the Division's services as good or excellent~~

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 consumers satisfied with the services provided by the Division when those consumers have asked the department for assistance with an insurance or financial services issue. 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.

The complaint tracking system is queried each month to identify those consumers who have filed a request for assistance and provided an email address. Surveys are emailed within 30 days of resolution of the request for assistance.

Survey responses and statistical data are compiled by an independent third party that is not affiliated with DFS. Returned surveys are stored in a web-based data environment and periodically uploaded to an internal Division database. Reports are generated to determine the consumer responses and the consumer's level of satisfaction. The percentage is determined by totaling the number of surveys returned in which consumers indicated they received service that was acceptable, good, or excellent, and dividing that number by the total number of surveys received.

This measure also reflects the percentage of consumers who are satisfied with the level of service provided over the helpline. Each month a random sample of helpline calls are audited to determine whether the information or service provided over the helpline is satisfactory. The percentage is determined by dividing the number of helpline calls audited that resulted in customer satisfaction, by the total number of helpline calls audited.

The helpline survey audit statistics are combined with service request survey statistics to provide an overall percentage of customers who were satisfied with the service provided by the Division.

**Validity:**

A consumer satisfaction survey is emailed to individual consumers who request assistance from the department and have their email address stored in the Department's complaint tracking system. Of the surveys emailed, between 20-25 percent are returned. Survey results are compiled by an independent third party and periodically downloaded to a Department database. In addition, a random sample of four (4) helpline calls per Insurance Specialist are audited each month to determine if quality service was provided. These results are entered and stored in a Department database. The percentage of satisfaction of services provided is based on the response of the consumer. No individual involved with the survey is involved with assisting the consumer resolve their issue.

**Reliability:**

The documentation of this process includes the consumer satisfaction surveys, and the helpline audits, and the database the survey and audit results are entered into. This database is backed up nightly.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of phone calls answered within ~~two~~ four 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 Consumer Helpline and answered within two minutes. This measure is important to determine the Division's response time as it relates to consumers contacting the Division via the helpline. This measurement also assists in determining the Division's overall level and quality of service. This measure is calculated by determining the total number of phone calls answered within two minutes divided by the total number of phone calls answered.

### **Validity:**

The CISCO Voice Over Internet Protocol (VOIP) telephone system automatically logs and stores data associated with each telephone call received through the Consumer Helpline. This data is stored, backed-up and archived in accordance with the Department's server and data management guidelines.

### **Reliability:**

All data is stored on a database and a back-up copy is created nightly.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of 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:**

The Division must investigate all complaints directly or indirectly alleging violations of Chapter 497, Florida Statutes. Investigations involve licensed and unlicensed entities to determine compliance with the law. Pursuant to section 497.002, Florida Statutes, the Legislature deems it necessary in the interest of public health and safety to provide for swift and effective discipline for those practitioners who violate the law. Pursuant to section 497.153(3)(e), Florida Statutes, the Department can only file a formal administrative complaint against a licensee when directed to do so by a probable cause panel of the Board of Funeral, Cemetery and Consumer Services.

If a Division determines that there reasonable cause to believe that a licensee is subject to disciplinary action under Chapter 497, Florida Statutes, the Division submits the investigation report and findings to the Department's Division of Legal Services. If the Division agrees with the Division's recommendation, the matter is then presented to a probable cause panel.

The probable cause panel is an independent panel not comprised of any department employees. Each panel is comprised of three members, who meet periodically to consider cases presented by the department. The determination as to whether probable cause exists must be made by a majority vote of the panel members. Consequently, the panel members may vote to found probable cause or that no probable cause exists regarding the alleged violation(s).

### **Validity:**

The Division is responsible for the administration and enforcement of the Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession. The probable cause panel process is authorized by section 497.153, Florida Statutes and Rule 69K-14.006, Florida Administrative Code.

This outcome measures Division effectiveness in identifying what cases to apply its most intensive investigative resources to, as measured by the percentage of cases rejected by the probable cause panel. The measure is calculated by dividing the total number of cases presented to the probable cause panel by the total number of those cases in which the panel agrees with the Division's probable cause recommendation.

**Reliability:**

Regarding the reliability of the data, all investigations are tracked in the Division's assignment tracking system. Once an investigation is forwarded to the department's legal services, legal services also has its own legal tracking system that tracks the progress and ultimate disposition of each assignment. Each panel meeting is recorded and the results of the panel meeting are maintained in the Division's official records. Ten days after the completion of a probable cause panel meeting, all the information presented to the panel members is subject to public disclosure. The multiple tracking processes of each assignment across two Divisions and the transparency of the probable cause panel process (ten days after the panel meeting) ensures the reliability of the data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of 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:**

By statute, the Division must annually inspect each licensed facility, including each licensed cemetery, centralized embalming facility, cinerator facility, direct disposal establishment and funeral establishment.

In FY 2011-12, the Division completed 1,433 yearly inspections, with a field staff of 10 investigators. In addition to completing inspections, field investigators are also conduct financial exams and investigations. Each inspection employs a detailed checklist. For example, the checklist for a funeral establishment inspection comprises over 128 check points, including confirmation that the funeral establishment is properly licensed, the preparation room is properly equipped, the establishment has a funeral director-in-charge, the establishment maintains a consumer complaint log, that deceased bodies are properly stored and maintained, and other requirements to ensure compliance with the law.

### **Validity:**

The Division is responsible for the administration and enforcement of Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession. This measure monitors Division effectiveness in completing the required statutory inspections. This measure is calculated by dividing the total number of licensed facilities and establishments to be inspected by the total number of inspections completed.

### **Reliability:**

Regarding the reliability of the data, an inspection assignment is opened at the direction of the Investigation manager, field supervisor or Division management. The inspection is then assigned to a field investigator to complete the inspection. Once the inspection is completed, the field investigator submits the inspection report to the field supervisor. The field supervisor reviews the report to ensure that the inspection is complete. Based on that review, the supervisor may request the field investigator complete additional follow-up or if the inspection is complete with no findings, the supervisor then closes the inspection file in the assignment tracking system. If an inspection report contains minor violations, the Division will then issue a Notice of Noncompliance (NNC) or citation as deemed appropriate under the applicable statutes and rules. If the noted violations are not eligible for a NNC or citation, the supervisor will then forward the file to Division

management with a recommendation that administration action is taken. If warranted, Division management forwards the file to the department's Division of legal services for appropriate action. The several levels of review regarding the inspection process ensure the reliability of the inspection data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of Funeral & Cemetery 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:

As stated in Section 497.002, Florida Statutes, the legislature recognizes that purchasers of preneed burial rights, funeral or burial merchandise, or funeral and burial services, may suffer serious economic harm if those purchase funds are not properly set aside for future use as intended by the purchaser, and as well, if licensed cemeteries fail to set aside appropriate funds intended for care and maintenance.

In addition to completing financial examinations, field investigators also conduct inspections and investigations. Each financial exam employs a detailed review of the licensee's financial information. For example, a preneed examination review comprises several areas, including the following: whether timely and sufficient deposits are made to trust, whether timely and sufficient remittances are made to the Preneed Funeral Contract Consumer Protection Trust Fund and the Regulatory Trust Fund, whether preneed contracts and related forms are filed and approved by the Board, whether the preneed license is valid, whether a detailed description of merchandise are provided on contracts, whether timely refunds due to cancellations or defaults are made to consumers, whether accounts receivable records are appropriate, and whether any previous deficiencies or other violations are corrected.

### Validity:

The Division is responsible for the administration and enforcement of Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession, including the conducting of financial exams to compliance with the law. This measure monitors the effectiveness of Division financial exams. This measure is calculated by dividing the total number of financial exams with deficits by the total number with deficits that result in corrections or the initiation of an investigation.

### Reliability:

Regarding the reliability of the data, a financial examination assignment is opened at the direction of the investigation manager, field supervisor or Division management. The examination is then assigned to a field investigator. Once the examination is completed, the field investigator submits the examination report to the field supervisor. The field supervisor reviews the report to ensure that the examination is complete. If the licensee

fails to correct any noted deficits, the supervisor will then forward the file to Division management with a recommendation that administration action is initiated. If warranted, Division management forwards the file to the Department's Division of Legal Services for appropriate action. The several levels of review regarding the examination process ensure the reliability of the data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of 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:

By statute, the Division must annually inspect each licensed cemetery. There are 173 licensed cemeteries in Florida. In addition to completing inspections, field investigators are also conduct financial exams and investigations. Each cemetery inspection employs a detailed checklist. The field investigator inspection comprises several areas, including confirmation that the cemetery rules are posted, that the cemetery burial records are properly maintained, that the grounds are reasonably maintained, that cemetery by-laws are available to consumers, that customer's written agreements are completed properly, that mausoleums are properly maintained, and that the cemetery corrected to any deficiencies noted in the previous inspection.

### Validity:

The Division is responsible for the administration and enforcement of Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession. This measure monitors Division effectiveness in helping cemeteries improve their care and maintenance. This measure is calculated by dividing the total number of cemetery inspections with findings by the total number with findings that resulted in improved care and maintenance and/or more accurate burial records or the initiation of an investigation.

### Reliability:

Regarding the reliability of the data, a cemetery inspection assignment is opened at the direction of the Investigation manager, field supervisor or Division management. The inspection is then assigned to a field investigator to complete the inspection. Once the inspection is completed, the field investigator submits the inspection report to the field supervisor. The field supervisor reviews the report to ensure that the inspection is complete. Based on that review, the supervisor may request the field investigator complete additional follow-up or if the inspection is complete with no findings, the supervisor then closes the inspection file in the assignment tracking system. If an inspection report contains minor violations, the Division will then issue a Notice of Noncompliance (NNC) or citation as deemed appropriate under the applicable statutes and rules. If the noted violations are not eligible for a NNC or citation, the supervisor will then forward the file to Division management with a recommendation that administration

action be initiated. If warranted, Division management forwards the file to the Department's Division of Legal Services for appropriate action. The several levels of review regarding the inspection process ensure the reliability of the inspection data.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of 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 (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:

By statute the Division must annually inspect each licensed facility, including each licensed funeral establishment. Prior to licensure, each establishment must also be inspected to ensure compliance with the applicable statutes and rules.

There are 863 licensed funeral establishments in Florida. In addition to completing inspections, field investigators also conduct financial exams and investigations. Each inspection employs a detailed checklist. The checklist for a funeral establishment inspection comprises over 128 check points, including confirmation that the funeral establishment is properly licensed, the preparation room is properly equipped, the establishment has a funeral director-in-charge, the establishment maintains a consumer complaint log, that deceased bodies are properly stored and maintained, and other requirements to ensure compliance with the law.

### Validity:

The Division is responsible for the administration and enforcement of Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession. This measure monitors effectiveness of Division funeral home inspections. This measure is calculated by dividing the total number of funeral home inspections with health and safety findings by the total inspections with findings that result in improved standards and conditions or the initiation of an investigation.

### Reliability:

Regarding the reliability of the data, a funeral home inspection assignment is opened at the direction of the Investigation manager, field supervisor or Division management. The inspection is then assigned to a field investigator to complete the inspection. Once the inspection is completed, the field investigator submits the inspection report to the field supervisor. The field supervisor reviews the report to ensure that the inspection is complete. Based on that review, the supervisor may request the field investigator complete additional follow-up or if the inspection is complete with no findings, the supervisor then closes the inspection file in the assignment tracking system. If an inspection report contains minor violations, the Division will then issue a Notice of Noncompliance (NNC) or citation as deemed appropriate under the applicable statutes

and rules. If the noted violations are not eligible for a NNC or citation, the supervisor will then forward the file to Division management with a recommendation that administration action is taken. If warranted, Division management forwards the file to the Department's Division of Legal Services for appropriate action. The several levels of review regarding the inspection process ensure the reliability of the data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Public Assistance Fraud/43500700

Measure: Dollar amount of benefits withheld, saved or recouped as a percentage of Public Assistance Fraud annual budget

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:

#### 1) Restitution Returned to the State of Florida

- \* Data is gathered from DCF which reflects the amount of Court Ordered Restitution actually collected from public assistance recipients that have been investigated by the Division of Public assistance Fraud and referred for prosecution.

#### 2) Benefits Withheld from Recipients Committing Fraud

- \* Data is gathered from the Social Security Administration reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefits programs based on investigations by the Division of Public Assistance Fraud.
- \* Data is gathered from the Department of Children and Families reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.
- \* Data is gathered from the Agency for Workforce Innovation and Office of Early Learning reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

#### 3) Benefits received as a result of fraudulent acts by recipients

- \* Data is gathered from the Department of Health and the Agency for Health Care Administration reflecting the dollar value of assistance benefits wrongfully received by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.
- \* Data is gathered from the Department of Children and Families reflecting the dollar value of assistance benefits wrongfully received by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud .
- \* Data is gathered from the Agency for Workforce Innovation and Office of Early Learning reflecting the dollar value of assistance benefits wrongfully by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

**Validity:**

The Florida Public Assistance Programs involve a combination of Federal and State funds that are allocated to provide financial support to needy families. The Division of Public Assistance Fraud provides a benefit integrity support function to these agencies through an investigative process to fight fraud, waste, and abuse in the Florida Public Assistance Programs.

The values described above are program benefit dollars withheld and/or wrongfully received from the agencies by recipients who committed fraud. The amounts were independently calculated through an approved budgeting process and determined by each individual agency based on Federal Program Guidelines.

**Reliability:**

The data gathered to report this Performance Measure is documented within a Investigative Case Management Data System and extracted through custom reports created to provide specific data collected as part of the investigative process. These values are reported from each agency after the investigation results are provided to the agency giving them sufficient data to support the new findings and facts. Reports are generated and used for official purposes including administrative disqualification, and prosecution in Florida Courts.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Public Assistance Fraud/43500700

Measure: Number of completed cases resulting in referral for disqualification or prosecution

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:

1) Restitution Returned to the State of Florida

- \* Data is gathered from DCF which reflects the amount of Court Ordered Restitution actually collected from public assistance recipients that have been investigated by the Division of Public assistance Fraud and referred for prosecution.

2) Benefits Withheld from Recipients Committing Fraud

- \* Data is gathered from the Social Security Administration reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefits programs based on investigations by the Division of Public Assistance Fraud.
- \* Data is gathered from the Department of Children and Families reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.
- \* Data is gathered from the Agency for Workforce Innovation and Office of Early Learning reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

3) Benefits received as a result of fraudulent acts by recipients

- \* Data is gathered from the Department of Health and the Agency for Health Care Administration reflecting the dollar value of assistance benefits wrongfully received by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.
- \* Data is gathered from the Department of Children and Families reflecting the dollar value of assistance benefits wrongfully received by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud .
- \* Data is gathered from the Agency for Workforce Innovation and Office of Early Learning reflecting the dollar value of assistance benefits wrongfully by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

**Validity:**

The Florida Public Assistance Programs involve a combination of Federal and State funds that are allocated to provide financial support to needy families. The Division of Public Assistance Fraud provides a benefit integrity support function to these agencies through an investigative process to fight fraud, waste, and abuse in the Florida Public Assistance Programs.

The values described above are program benefit dollars withheld and/or wrongfully received from the agencies by recipients who committed fraud. The amounts were independently calculated through an approved budgeting process and determined by each individual agency based on Federal Program Guidelines.

**Reliability:**

The data gathered to report this Performance Measure is documented within a Investigative Case Management Data System and extracted through custom reports created to provide specific data collected as part of the investigative process. These values are reported from each agency after the investigation results are provided to the agency giving them sufficient data to support the new findings and facts. Reports are generated and used for official purposes including administrative disqualification, and prosecution in Florida Courts.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Percentage of first indemnity payments made 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:

Percentage is derived from an evaluation of initial indemnity payments provided on First Reports of Injury or Illness submitted by the industry. On a monthly basis, the Centralized Performance System (CPS) evaluates First Reports of Injury or Illness displayed in the Integrated System. Initial payments meeting the statutory requirements are determined by the date payment was due and the date payment was made.

### Validity:

The data is legitimate as the algorithms in CPS have been thoroughly tested to ensure accuracy of data analysis. Changes in algorithms or calculations must be approved by three levels of managers prior to making any changes. Algorithms were developed pursuant to section 440.20(2), Florida Statutes.

### Reliability:

CPS is a dependable application. It consistently pulls information from the Integrated System on a monthly basis for evaluation. This is a continuous process which is reviewed by the Penalty Section staff and managers.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of 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 number for this measure represents claim files reviewed through the Centralized Performance System (CPS) and the Integrated System. Claim files are reviewed by staff in the Penalty, Audit and Permanent Total sections for ensuring timely filing and timely payment, monitoring and examining claims-handling practices and verifying accuracy of benefits paid to permanently and totally disabled claimants respectively.

### **Validity:**

Data provided in this measure is legitimate and is based on numbers provided by CPS and the Integrated System.

### **Reliability:**

The data is dependable for the number of files reviewed and is tracked by CPS and Integrated for performance purposes.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Division of 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 number of investigations conducted monthly is obtained from the Coverage and Compliance Automated System (CCAS). Investigators are required to enter every employer investigation conducted into the Daily Activity Report (DAR) in CCAS each day.

### Validity:

The Bureau has several monitoring tools to ensure the employer contact information provided in the DAR is accurate and valid. Lead Investigators conduct follow up phone calls to employers on a random sampling of investigations reported in CCAS for each Investigator. A minimum of four calls per quarter are made for every Investigator. The purpose of the call is to verify that the Investigator did make contact with the employer as reported and to ensure that the employer has no concerns regarding our contact. Lead Investigators also review 15 DAR entries per investigator, per quarter to insure that the entries appear to be valid, well documented employer investigations. Last, each Investigator's vehicle is equipped with a GPS system. Supervisors can monitor the Investigators location at any time. Reports can be generated to verify that the information entered into the DAR corresponds with the GPS tracking information daily.

### Reliability:

The number of investigations conducted is a consistent and stable measure of an Investigators performance. Investigators are required to report all activities daily. The number of investigations conducted is a performance measure for the Investigators that is monitored and reviewed monthly by their supervisor. An Investigator is required to make 55 employer investigations per month to attain a "3" performance rating.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Division of Workers' Compensation

Service/Budget Entity: Workers' Compensation / 43600100

Measure: 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:

The percentage of disputes resolved is calculated by pulling data from the Integrated System. Both the Employee Helpline Team and the Ombudsman Team document their activity in the system. Part of that documentation includes a disposition code. The most predominate disposition code reflects that the activity was educational. In the instances where intervention is required to address a dispute or a perceived dispute, a disposition code of "resolved" or "unresolved" is used. The methodology used to establish the percentage of resolved is: of the resolved and unresolved disposition codes, what percentage is resolved. The number of resolved is the raw number of resolved disposition codes.

### Validity:

The Bureau has several monitoring tools to ensure the disposition codes relating to this measure are accurate and valid. Bureau management runs and reviews performance reports at the end of each month. This data is compared to previous months' results to ensure data is consistent. Direct supervisors conduct quality reviews of this coding on a monthly basis. The purpose of the reviews is to ensure consistent coding is being applied by all team members. Feedback is provided upon completion of the quality reviews.

### Reliability:

The percentage of disputed issues resolved during the informal dispute resolution process is a consistent and stable measure of the bureau's performance. Employee Helpline Team and Ombudsman Team members are required to enter disposition codes for every claim for which assistance has been provided. Managers review the accuracy of this coding as part of their monthly performance reviews.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Division of Workers' Compensation

Service/Budget Entity: Workers' Compensation / 43600100

Measure: 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:

The percentage of disputes resolved is calculated by pulling data from the Integrated System. Both the Employee Helpline Team and the Ombudsman Team document their activity in the system. Part of that documentation includes a disposition code. The most predominate disposition code reflects that the activity was educational. In the instances where intervention is required to address a dispute or a perceived dispute, a disposition code of "resolved" or "unresolved" is used. The methodology used to establish the percent of resolved is: of the resolved and unresolved disposition codes, what percentage is resolved. The number of resolved is the raw number of resolved disposition codes.

### Validity:

The Bureau has several monitoring tools to ensure the disposition codes relating to this measure are accurate and valid. Bureau management runs and reviews performance reports at the end of each month. This data is compared to previous months' results to ensure data is consistent. Direct supervisors conduct quality reviews of this coding on a monthly basis. The purpose of the reviews is to ensure consistent coding is being applied by all team members. Feedback is provided upon completion of the quality reviews.

### Reliability:

The percentage of disputed issues resolved during the informal dispute resolution process is a consistent and stable measure of the bureau's performance. Employee Helpline Team and Ombudsman Team members are required to enter disposition codes for every claim for which assistance has been provided. Managers review the accuracy of this coding as part of their monthly performance reviews.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of reimbursement requests (SDF-2) audited

**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 number of reimbursement requests audited annually is maintained within the Special Disability Trust Fund's (SDTF) Claims Manager System. Each of the Fund Specialists is required to timely and accurately enter their work for each audit into the Claims Manager System.

### **Validity:**

The SDTF has several tools to ensure that the specialists' audit information is timely and accurately entered into the Claims Manager System. The Specialist Supervisor must approve requests prior to them being placed in line for payment and the Fund Manager also does a cursory review of all requests before they are submitted for payment. Additionally, the Specialist Supervisor conducts random comprehensive reviews to ensure that the data in the hard file is accurately reflected in the electronic data. A standard of 46 – 64 audits per month, per specialist is expected. Thirteen random comprehensive reviews are expected to be performed each month, by the Specialist Supervisor. Reports can be generated to determine how many audits and reviews have been conducted at any given time.

### **Reliability:**

The number of audits performed is a consistent and stable measure of a Specialists' performance. Specialists are required to report all audit activities as they are completed. The number of audits performed is a performance measure for the Specialists, as well as the Specialist Supervisor. This measure is monitored and reviewed regularly by the Specialist Supervisor and the Fund Manager. A Specialist is required to conduct 46 – 64 audits per month in order to attain a "3" performance rating.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of 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:**

The number of reimbursement requests paid annually is maintained within the Special Disability Trust Fund's (SDTF) Claims Manager System. Each of the Fund Specialists is required to timely and accurately enter their work for each audit into the Claims Manager System. Each request typically required 1.98 audits because they are often returned to the submitting Employer/Carrier for corrections or additional required documentation. Once the Specialist has completed a request as complete and prepared for reimbursement, the Specialist Supervisor approves each request, placing it in line for payment. Once a "batch" of payments has been compiled and prepared for submission to the Bureau of Financial Services, each payment contained in that batch is reviewed for accuracy against the scanned reimbursement request. Payment of reimbursement requests is not limited in number, but is limited to the spending authority of the SDTF. The SDTF's annual spending authority is \$75 million.

### **Validity:**

The SDTF has several tools to ensure that the specialists' audit information is timely and accurately entered into the Claims Manager System. The Specialist Supervisor must approve requests prior to them being placed in line for payment and the Fund Manager also does a cursory review of all requests before they are submitted for payment. Reports can be generated to determine how many reimbursement requests have been paid at any given time, as well as the amounts of those payments.

### **Reliability:**

The number of reimbursement requests paid is a consistent and stable measure of the Fund's performance. Measured against the number of reimbursement requests received annually, and taking into consideration that each request typically requires more than one audit, it provides a stable indication of the performance of the Specialist', supervisors, and support staff.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of petitions for reimbursement dispute resolution 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:

Health care providers submit Petitions for Resolution of Reimbursement Dispute with the Office of Medical Services (OMS). The Petition is screened and docketed by OMS support staff and then assigned to an OMS case manager for review and resolution. After review, the OMS case manager may issue a Notice of Deficiency to either the health care provider or the carrier. The lack of a timely response or an insufficient response to the Notice of Deficiency may result in a Dismissal of the Petition. If not dismissed, the OMS case manager issues a Determination, based on the facts of the filings, resolving the reimbursement dispute.

To estimate the value of the proposed measure, the average number of cases resolved per case manager in FY 2011-12 as recorded in the ARAMIS database was projected forward for expected performance during FY 2012-13. The estimated number of cases resolved for new case managers during FY 2012-13 as a result of approved staff expansion was added to the estimate.

### Validity:

The ARAMIS database has been shown to be accurate as a historical reference. Total case manager monthly performance was generally consistent during the FY used to produce the estimate and there are sufficient cases on file awaiting resolution to allow continued performance at known capacity. See also section 440.13, Florida Statutes.

### Reliability:

Using this methodology on prior year data has shown it to be a reasonable estimate of the number of resolutions issued during the next subsequent fiscal year.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Division of Workers' Compensation

Service/Budget Entity: Workers' Compensation / 43600100

Measure: Percentage of insurance industry's overall compliance of filing Explanation of Bill Review (EOBR)

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 Explanation of Bill Review (EOBR) overall industry compliance data is obtained through a review of medical bills and EOBRs that carriers submit to the Division for the purpose of conducting medical audits. During a medical audit, the Insurance Specialist calculates performance percentages for each EOBR component by dividing the number of incorrect EOBRs by the number of correct EOBRs. The Insurance Specialist is trained to conduct claims and medical audits, and uses Excel and the Centralized Performance System (CPS) to track the results of his or her review. Data sources can also include the carrier's claims system to which carriers allow Insurance Specialists access to conduct reviews on medical and indemnity claims.

### Validity:

An EOBR is the method used by carriers to communicate to health care providers how they adjudicated a medical bill. Therefore, it is a valid and relative document used widely in the workers' compensation arena. Furthermore, EOBRs must meet the requirements of Rule 69L-7.602(5)(o),(q), Florida Administrative Code. As a result, carriers' EOBR data is validated to ensure compliance with the rule. This validation is thoroughly checked by an Insurance Administrator, Audit Manager and Bureau Chief prior to being shared with carriers in the preliminary audit report. All three administrators are knowledgeable of EOBR compliance requirements.

### Reliability:

EOBR data reported in this measure is very trustworthy. It is thoroughly reviewed in the office by the auditor; separate and apart from the carrier onsite audits. Therefore the auditor's only focus is the medical data validation. In addition, we have key quality checks built into the review process.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Division of Workers' Compensation

Service/Budget Entity: Workers' Compensation / 43600100

Measure: Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings

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 number and percentage of Overall Accepted Claims EDI Form Filings is extracted electronically from the Claims EDI Data Warehouse. Workers' Compensation claim administrators that are EDI Trading Partners submit Claims EDI data daily, via a secure electronic process, and the data is loaded nightly to the Claims EDI Data Warehouse. The method of arriving at the percentage of Overall Accepted Claims EDI Form Filings is as follows: The number of Claims EDI Transactions that equate to former DWC Form Types (1, 4, 12 and 13) are processed nightly. Each month, the total Claims EDI Transactions that equate to former DWC Form Types (1, 4, 12 and 13) that were processed and accepted is divided by the total number of Claims EDI Transactions that equate to former DWC Form Types (1, 4, 12 and 13) received (both accepted and rejected) to arrive at the percentage.

**Validity:** The Overall Accepted Claims EDI Form Filings is determined by a transaction's successful processing through over 800 system edits. The Overall Accepted Claims EDI Form Filings count is validated by a system program and is measured at month's end. No one can alter the submission of the trading partner's data, so it cannot be manipulated.

**Reliability:** It is definitely a reliable count for each month that is evaluated at month's end, as it is derived directly from a computer program. The only caveat to a monthly count is that it does not include any "reloaded" transactions that are reloaded in a different month. A transaction may have to be reloaded by DWC, due to an edit or error problem at DWC, which was no fault of the EDI Trading Partner. A transaction that initially rejected in month A, may be reloaded and accepted in month B, but given credit for being received in month A because that reloaded transaction is accepted with the original Division received date from month A, so as to give the EDI Trading Partner credit for their original filing date. The initial rejected transaction was counted in month A for this statistic and the later acceptance in month B is not counted. If this statistic is ever run for a given month, several months after the fact, it is possible to yield a different count because the transactions initially rejected and counted in month A as a rejection, and later reloaded in month B, with a received date in month A, will now be counted as an "accepted" transaction for month A because it has already been "reloaded". If a transaction is rejected and reloaded in the same month, the only outcome counted is the accepted record.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Financial Services

Program: Division of Workers' Compensation

Service/Budget Entity: Workers' Compensation / 43600100

Measure: Average number of Workers' Compensation employer investigations completed monthly

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 number of investigations conducted monthly is obtained from the Coverage and Compliance Automated System (CCAS). Investigators are required to enter every employer investigation conducted into the Daily Activity Report (DAR) in CCAS each day.

### Validity:

The Bureau has several monitoring tools to ensure the employer contact information provided in the DAR is accurate and valid. Lead Investigators conduct follow up phone calls to employers on a random sampling of investigations reported in CCAS for each Investigator. A minimum of four calls per quarter are made for every Investigator. The purpose of the call is to verify that the Investigator did make contact with the employer as reported and to ensure that the employer has no concerns regarding our contact. Lead Investigators also review 15 DAR entries per investigator, per quarter to insure that the entries appear to be valid, well documented employer investigations. Last, each Investigator's vehicle is equipped with a GPS system. Supervisors can monitor the Investigators location at any time. Reports can be generated to verify that the information entered into the DAR corresponds with the GPS tracking information daily.

### Reliability:

The number of investigations conducted is a consistent and stable measure of an Investigators performance. Investigators are required to report all activities daily. The number of investigations conducted is a performance measure for the Investigators that is monitored and reviewed monthly by their supervisor. An Investigator is required to make 55 employer investigations per month to attain a "3" performance rating.



# Department of Financial Services

## Associated Activity Contributing to Performance Measure – LRPP Exhibit V

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010100 FY 2012-13 (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 ACT 0050 Cabinet Affairs 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 0140 Print Shop ACT 0200 Procurement ACT 2150 Process State Employee Payroll    
2	Administrative positions as a percent of total agency positions	ACT 0010 Executive Direction ACT 0030 Legislative Affairs ACT 0040 External Affairs ACT 0050 Cabinet Affairs 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 0140 Print Shop ACT 0200 Procurement ACT 2150 Process State Employee Payroll

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010200 FY 2012-13 (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 2012-13 (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 - Enterprise Applications/Support
7	Percent of scheduled hours computer and network is available	ACT0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations
8	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	ACT0300 Information Technology - Executive Direction ACT0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Desktop Support

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010400 FY 2012-13 (Words)	Associated Activities Title
9	Percentage of referred cases responded to and/or transferred within 10 days of receipt.	ACT 1040 Insurance Consumer Advocate <hr/> <hr/> <hr/>
10	Percentage of rate filings subject to public hearing which were reviewed by our office.	ACT 1040 Insurance Consumer Advocate <hr/> <hr/> <hr/>

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010500 FY 2012-13 (Words)	Associated Activities Title
11	Percent of scheduled hours computer and network is available.	ACT0330 Information Technology - Computer Operations

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100200 FY 2012-13 (Words)	Associated Activities Title
12	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 qulaified public depositories ACT 1220 Process Transactions, account changes and audit functions. Requested Deletion
13	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 qulaified public depositories Requested Deletion
14	Number of account actions taken on regulatory collateral deposit accounts	ACT 1220 Process Transactions, account changes and audit functions. Requested Deletion



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100300 FY 2012-13 (Words)	Associated Activities Title
15	Ratio of net rate of return to established national benchmarks for: (I) Internal liquidity investments	ACT 1310 Investment of Public Funds <del>Requested Deletion</del>
16	Ratio of net rate of return to established national benchmarks for: (II) Internal bridge investments	ACT 1310 Investment of Public Funds <del>Requested Deletion</del>
17	Ratio of net rate of return to established national benchmarks for: (III) Internal intermediate investments	ACT 1310 Investment of Public Funds <del>Requested Deletion</del>
18	Ratio of net rate of return to established national benchmarks for: (IV) Medium term external portfolio	ACT 1310 Investment of Public Funds <del>Requested Deletion</del>
19	Number of cash management consultation services	ACT 1320 Provide cash management services

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100400 FY 2012-13 (Words)	Associated Activities Title
20	Number of new participants in the State Deferred Compensation Plan over previous year.	ACT 1410 Administer the state supplemental deferred compensation plan Requested Deletion  
21	Percentage increase in deferred compensation contributions over the previous year.	ACT 1410 Administer the state supplemental deferred compensation plan Requested Deletion  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43200100 FY 2012-13 (Words)	Associated Activities Title
22	Percent of vendor payments issued via electronic funds transfer (EFT).	ACT 2110 Accounting and Reporting of State Funds ACT 2180 FLAIR and CMS Replacement Project
23	Percent of payroll payments issued via electronic funds transfer (EFT).	ACT 2150 Process State Employee Payroll
24	Percent of retirement payments issued via electronic funds transfer (EFT).	ACT 2120 Migrate current Accounts Payable Procedures to Electronic Commerce
25	Number of post-audits and management reviews completed.	ACT 2140 Conduct post-audits of major State Programs.
26	Number of Clerk of the Circuit Court Financial Reviews conducted.	ACT 2190 Article V-Clerk of the Courts
27	Percentage of compliance with the Statewide Financial Statements Compliance Checklist.	ACT 2110 Accounting and Reporting of State Funds
28	Percentage of warrants outstanding at 3 months that are stale-dated after 12 months.	ACT 2110 Accounting and Reporting of State Funds

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43200200 FY 2012-13 (Words)	Associated Activities Title
29	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)	ACT 2210 Collect Unclaimed Property ACT 2220 Process and Payment of Unclaimed Property  
30	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)	ACT 2210 Collect Unclaimed Property ACT 2220 Process and Payment of Unclaimed Property  
31	Number / dollar value of owner accounts processed	ACT 2220 Process and Payment of Unclaimed Property  
32	Number of claims paid / dollar value of claims paid	ACT 2220 Process and Payment of Unclaimed Property  
33	Percent of claims paid within 45 days from date received (cumulative total)	ACT 2220 Process and Payment of Unclaimed Property  
34	Percent of increase in the number of holders reporting unclaimed property this fiscal year compared to the number of holders reporting last fiscal year.	ACT 2220 Process and Payment of Unclaimed Property Requested Deletion  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300200 FY 2012-13 (Words)	Associated Activities Title
35	Number of fire related deaths occurring in state owned properties required to be inspected	ACT 3220 Perform Fire Safety Inspections
36	Percent of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
37	Number of recurring inspections completed	ACT 3220 Perform Fire Safety Inspections
38	Number of high hazard inspections completed	ACT 3220 Perform Fire Safety Inspections
39	Number of construction inspections completed	ACT 3220 Perform Fire Safety Inspections
40	Number of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
41	Percent of fire code inspections completed within statutory defined timeframes	ACT 3220 Perform Fire Safety Inspections
42	Percent of fire code plans reviews completed within statutory defined timeframes	ACT 3230 Review construction plans for fire code compliance
43	Number of boiler inspections completed by department inspectors	ACT 3240 Perform boiler inspections
44	Number of construction plans reviewed	ACT 3230 Review construction plans for fire code compliance
45	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 2012-13 (Words)	Associated Activities Title
46	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   
47	Percent of arson arrests resulting in conviction	ACT 3310 Investigate Fires - accidental, arson and other <b>Requested Deletion</b>  
48	Percent of closed arson investigations for which an arrest was made in Florida	ACT 3310 Investigate Fires - accidental, arson and other   

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300400 FY 2012-13 (Words)	Associated Activities Title
49	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   
50	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   
51	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   
52	Number of examinations administered	ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance   
53	Percent of Fire College students passing certification exam on first attempt	ACT 3410 Provide state, local, and business professional training & education   
54	Percent of Student Satisfactory Evaluations of the Florida State Fire College facility and services.	ACT 3410 Provide state, local, and business professional training & education   
55	Percent of students who rate training received at the Florida State Fire College effective in improving their ability to perform assigned duties.	ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance <b>Requested Deletion</b>  
56	Number of Florida Certification Programs submitted for national accreditation or re-accreditation.	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 2012-13 (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 imaging services provided	ACT 3510 Provide forensic laboratory services
60	To import 100% incident data submitted by Florida Fire Departments within the calendar year.	ACT 3520 Fire Incident Reporting



LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for 43400100 FY 2012-13 (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	Average cost of tort liability claims paid	ACT 4120 Provide adjusting services on state liability claims
68	Average cost of federal civil rights liability claims paid	ACT 4120 Provide adjusting services on state liability claims
69	Average cost of property claims paid	ACT 4130 Process property claims on state-owned buildings (structure & contents)
70	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
71	Number of workers' compensation claims worked	ACT 4110 Provide adjusting services on state workers' compensation
72	Number of liability claims worked	ACT 4120 Provide adjusting services on state liability claims
73	Number of workers' compensation claims assigned for litigation during the current fiscal year.	ACT 4110 Provide adjusting services on state workers' compensation
74	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 2012-13 (Words)	Associated Activities Title
75	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.	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies   
76	Percent of appraised value of assets liquidated for real property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies   
77	Percent of appraised value of assets liquidated for personal property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies   

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43500200 FY 2012-13 (Words)	Associated Activities Title
78	Percent of licensees disciplined.	ACT 5250 Investigate Agents & Agencies ACT 5240 Administration of education requirements (pre-licensing and continuing education) ACT 5210 Review Applications for licensure (qualification) <span style="color: red;">Requested Deletion</span>
79	Percent of applications processed within 7 working days.	ACT 5210 Review Applications for licensure (qualification) <span style="color: red;">Requested Deletion</span>
80	Percent of licensees complying with continuing education requirements.	ACT 5240 Administration of education requirements (pre-licensing and Continuing Education) <span style="color: red;">Requested Deletion</span>
81	Percent of investigations completed within 130 days.	ACT 5250 Investigate Agents & Agencies <span style="color: red;">Requested Deletion</span>
82	Percent of satisfaction of Customer Contact Center services.	ACT 5210 Review Applications for Licensure (qualification) ACT 5240 Administration of education requirements (pre-licensing and Continuing Education) <span style="color: red;">Requested Deletion</span>
83	Percent of completed investigations recommended for formal action that result in an action.	ACT 5250 Investigate Agents & Agencies <span style="color: red;">Requested Deletion</span>

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43500300 FY 2012-13 (Words)	Associated Activities Title
84	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 Requested Deletion
85	Number of insurance fraud investigations completed (not including workers' compensation cases)	ACT 5310 Investigate insurance fraud (general) Requested Deletion
86	Number of worker's compensation insurance fraud investigations completed (not including general fraud investigations)	ACT 5320 Investigate workers' compensation insurance fraud Requested Deletion
87	Number of cases presented for prosecution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
88	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 Requested Deletion
89	Dollar amount of recommended orders of restitution, per capita	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud Requested Deletion

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500400 FY 2012-13 (Words)	Associated Activities Title
90	Percent of consumer activities that result in quality service.	ACT 5410 Respond to consumer requests for assistance ACT 5420 Provide consumer educational activities ACT 5430 Answer consumer telephone calls
91	Percentage of consumers satisfied with the service provided.	ACT 5410 Respond to consumer requests for assistance
92	Number of phone calls answered within 2 minutes.	ACT 5430 Answer consumer telephone calls

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500500 FY 2012-13 (Words)	Associated Activities Title
93	Percentage of investigations submitted to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
94	Percentage of investigations completed within 150 days of initiation.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance <b>Requested Deletion</b>
95	Percentage of establishments and cemeteries inspected per fiscal year.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
96	Percentage of financial examinations with deficit findings that resulted in deficits being corrected, initiation of an investigation of disciplinary action being taken against the licensee.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
97	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.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
98	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.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43600100 FY 2012-13 (Words)	Associated Activities Title
99	Percent of first indemnity payments made timely	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
100	Number of claim files reviewed annually	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
101	Number of employer investigations conducted	ACT 6120 Verify that employers comply with workers' compensation laws
102	Number of disputes resolved for injured workers by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers,
103	Percentage of disputes resolved for injured workers by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers,
104	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
105	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

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2011-12			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT				304,232,321	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)				9,269,474	
FINAL BUDGET FOR AGENCY				313,501,795	
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.		7,471	50.02	373,735	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		52,589	19.51	1,026,274	
Investment Of Public Funds * Dollar Volume Of Funds Invested		19,500,000,000	0.00	666,915	
Provide Cash Management Services * Number of cash management consultation services.		30	31,493.17	944,795	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		4,818,116	0.32	1,556,132	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,550,113	1.08	1,667,592	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		38,229	131.00	5,007,840	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		12,760,443	0.09	1,096,693	
Conduct Pre-audits Of Selected Accounts Payable * Agency payment requests are pre-audited and posted in a timely manner such that payments are issued in less than the 10 day statutory time limit.		621,078	5.58	3,467,505	
Conduct Post-audits Of Major State Programs * Number of contract/grant reviews and post-audits of contract/grant disbursements completed to determine compliance with statutory and contractual requirements.		9	187,600.67	1,688,406	
Process State Employees Payroll * Payroll payments issued.		3,146,952	0.78	2,462,452	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes and Federal rules and regulations.		2	91,196.00	182,392	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		9	99,338.89	894,050	
Article V - Clerk Of The Courts * N/A		6	126,039.33	756,236	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		1,428,100	1.74	2,488,473	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		289,729	8.83	2,558,676	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,859	74.78	512,923	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		17,294	236.79	4,095,061	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		518	1,053.54	545,735	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,532	370.74	567,967	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,811	3,515.65	13,398,153	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		199,845	25.84	5,164,704	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		5,676	449.62	2,525,048	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed		15,729	64.40	1,012,971	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,688,141	0.10	369,726	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		21,143	1,142.05	24,146,362	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,888	2,232.85	10,914,177	
Process Property Claims On State Owned Buildings (Structure And Contents) * Number of state property loss/damage claims worked.		101	18,695.72	1,888,268	
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.		260	6,970.23	1,812,261	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		55	16,866.13	927,637	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		105,677	26.73	2,824,504	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		70,886	48.90	3,466,008	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,579,891	0.49	772,182	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		188,425	2.16	407,647	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,535	2,359.96	5,982,509	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		2,444	6,324.98	15,458,245	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		623	6,933.18	4,319,371	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		54,370	79.00	4,295,235	
Provide Consumer Education Activities * Number of consumer educational materials created and distributed.		256,664	2.76	707,796	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		365,397	12.87	4,701,526	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed FY 10-11: 1,590		1,629	1,282.65	2,089,429	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		92,547	46.42	4,296,416	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		34,780	383.71	13,345,337	
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.		1,468	3,098.45	4,548,524	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		4,195	327.58	1,374,205	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		83,768,400	0.01	692,875	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,046,122	0.78	3,948,483	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		5,624	249.42	1,402,721	
Approve And License Entities To Conduct Insurance Business. * Number of applications processed.		137	6,415.81	878,966	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		1,090	2,771.32	3,020,736	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,831	1,760.31	15,545,274	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		14,686	521.67	7,661,229	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		1,492	5,583.58	8,330,701	
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.		20,917	129.99	2,718,985	
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.		235	50,330.39	11,827,642	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		23	32,001.74	736,040	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		343	15,704.01	5,386,476	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		347	6,694.28	2,322,916	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees.		235	25,029.36	5,881,900	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Substantively review and act upon securities applications for registration of firms, branch offices associated person and securities offerings.		54,666	46.43	2,538,120	
TOTAL				236,201,157	
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				35,991,572	
REVERSIONS				41,105,512	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				313,298,241	

### 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	302,413	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	578,447	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,806,523	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	747,139	
43200100	1601000000	ACT2020	CAPITAL COLLATERAL REGISTRY	1,514,847	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	13,520,875	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,761,055	
43500700	1202000000	ACT9060	AFDC/WAGES/EMPLOYEE FRAUD	771,065	
43500700	1202000000	ACT9070	PUBLIC ASSISTANCE FRAUD	1,088,689	
43500700	1202000000	ACT9080	MEDICAID FRAUD INVESTIGATIONS	783,752	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	588,409	
43200100	1601000000	ACT9920	RELIEF BILL	1,350,000	
43500400	1205000000	ACT9930	TRANSFER TO FLORIDA CATASTROPHIC	950,000	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	228,358	

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TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	313,501,795	
TOTAL BUDGET FOR AGENCY (SECTION III):	313,298,241	
HB 119 PIP Study passed in 2012 Leg Session	200,000	
provided appropriation effective upon becoming law and is not included in th Section I total.		
	-----	-----
DIFFERENCE:	3,554	
(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.

**PAF** – Division of Public Assistance Fraud

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, Florida Statutes. 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.

**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)



FINANCIAL SERVICES  
COMMISSION

CHARLIE CRIST  
GOVERNOR

ALEX SINK  
CHIEF FINANCIAL OFFICER

BILL MCCOLLUM  
ATTORNEY GENERAL

CHARLES BRONSON  
COMMISSIONER OF  
AGRICULTURE

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY  
COMMISSIONER

September 30, 2012

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

Jo Ann Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Terry Rhodes, Staff Director  
Senate Budget Committee  
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 2013-143 through Fiscal Year 2017-2018. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is [www.flair.com](http://www.flair.com). This submission has been approved by Kevin McCarty, Commissioner.

Should further information be required, please do not hesitate to contact me at (850) 413-5100.

Sincerely,

Audrey S. Brown  
Chief of Staff

**FINANCIAL SERVICES COMMISSION**

**OFFICE OF INSURANCE REGULATION**



**Long-Range Program Plan**

**FY 2013-14 through 2017-18**

September 2012

***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 Florida Office of Insurance Regulation (Office) has established the following goals as priorities. The paragraphs immediately following each goal describe the trends and conditions that identify Office priorities. 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 the Property & Casualty Product Review Unit (PCPR) and the Life and Health Product Review Unit (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 are reviewed 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 2011-2012, the PCPR unit processed 8,405 form and rate filings in an average of 66 days. The LHPR unit processed 6,281 filings in an average of 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. In 2008, more than 400 industry representatives attended the Symposium. In June of 2012, the Office held a one-day industry conference called "Successful Strategies for Business Development." The Office briefed nearly 300 on-site participants, as well as over 850 participants online about new legislation and current topics in the marketplace. The conference also provided a forum to demonstrate how companies can improve the quality of rate and form filings to facilitate more timely reviews and approvals.

### **Significant Legislation**

#### **2012 House Bill 119 – Insurance (Property & Casualty)**

##### ***PIP Medical Benefits***

- ⤴ Revises PIP medical benefits provision under the Florida Motor Vehicle No-Fault Law, effective January 1, 2013.
- ⤴ Requires those seeking PIP medical benefits to receive initial services and care within 14 days of the accident by certain types of physicians. Those physicians and facilities able to diagnose individuals seeking treatment under PIP medical benefits are:

- licensed physicians
- licensed osteopathic physicians
- licensed chiropractic physicians
- licensed dentists
- a hospital
- a facility that owns or is owned by a hospital
- or a licensed emergency transportation or treatment provider
- ⤴ Follow up treatment and care requires a referral from approved providers and must be consistent with the underlying medical diagnosis rendered when the initial services and care were received.
- ⤴ Services not covered under the PIP medical benefits are massage therapy and acupuncture regardless of the provider rendering the services.

### ***Emergency Medical Condition***

- ⤴ Provides that individuals may receive up to \$10,000 in medical benefits for services and care if a physician, osteopathic physician, dentist, physician's assistant, or advanced registered nurse practitioner (ARNP) has determined the injured person had an emergency medical condition.
- ⤴ Defines "emergency medical condition" as a medical condition manifesting itself by acute symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected to result in serious jeopardy to patient health, serious impairment to bodily functions, or serious dysfunction of a body organ or part.
- ⤴ Individuals not diagnosed with an emergency medical condition receive a PIP medical benefit limit of \$2,500.

### ***PIP Death Benefit***

- ⤴ In addition to the \$10,000 in medical and disability benefits, \$5,000 in death benefits is offered. The death benefit was previously the lesser of the unused benefits, up to a limit of \$5,000.

### ***PIP Medical Fee Schedule***

- ⤴ Revises provisions related to the PIP medical fee schedule to help resolve alleged ambiguities in the schedule, which have led to conflicts and litigation between claimants and insurers.
- ⤴ Clarifies the reimbursement levels for care provided by ambulatory surgical centers and clinical laboratories and for durable medical equipment is 200 percent of the appropriate Medicare Part B schedule.
- ⤴ The Medicare fee schedule in effect on March 1 will be the applicable fee schedule for the remainder of that year until the subsequent update.
- ⤴ Authorizes insurers to use Medicare coding policies and payment methodologies, including applicable modifiers of the Centers for Medicare and Medicare Services when applying the fee schedule if a utilization limit is not used.
- ⤴ Requires insurers to include notice of the fee schedule in their policies.

### ***Attorney Fees***

- ⤴ Amends provisions related to attorney fee awards in No-Fault disputes.
- ⤴ Prohibits the application of attorney fee multipliers.

- ⤴ Provides statutory authority for insurers to recover fees if the plaintiff's recovery does not exceed the insurer's settlement offer by a statutorily specified percentage due to the offer of judgment statute, Section 768.79, Florida Statutes when applied to No-Fault cases.
- ⤴ Maintains current law, which allows a party that obtains a favorable judgment from an insurer to recover reasonable attorney fees from the insurer.
- ⤴ Requires attorney fees awarded to comply with prevailing professional standards such as: not overstating or inflating the number of hours reasonably necessary for a case of comparable skill or complexity, and representing legal services that are reasonable to achieve the result received.

### ***Investigation and Payment of Claims***

- ⤴ Gives insurers the ability to require their insureds to take an examination under oath (EUO). If an insured does not comply with the EUO, the insurer does not owe any benefits.
- ⤴ Provides that insurers that unreasonably request EUOs as a general business practice, as determined by the Office of Insurance Regulation (Office), is subject to the Unfair Insurance Trade Practices Act, Section 626.9541, Florida Statutes.
- ⤴ Provides if a person unreasonably fails to appear for an independent medical examination (IME), the insurer is no longer responsible for benefits. Refusal or failure to appear for two IMEs raises a rebuttable presumption the refusal or failure was unreasonable.
- ⤴ Claimants whose claims are denied due to an error in the claim receive an additional 15 days to correct the flawed claim and resubmit within the extension.
- ⤴ Requires insurers to maintain a log of all PIP benefits paid on behalf of the insured. The log must be provided to the insured upon his or her request if litigation has begun.
- ⤴ Insurers must provide notice within 15 days of the exhaustion of PIP benefits if a dispute occurs.
- ⤴ Requires insurers to reimburse Medicaid within 30 days.
- ⤴ Authorizes the electronic submission of records, which must go into effect by December 1, 2012.

### ***Prevention of PIP-Related Insurance Fraud***

- ⤴ Defines insurance fraud as knowingly presenting a PIP claim to an insurer for payment or other benefits on behalf of person or entity that committed fraud when applying for health care clinic licensure, seeking an exemption from clinic licensure, or demonstrating compliance with the Health Care Clinic Law.
- ⤴ Makes claims labeled unlawful under the patient brokering law (Section 817.505, Florida Statutes) not reimbursable under the No-Fault Law.
- ⤴ Health Care Practitioner's found guilty of insurance fraud under Section 815.234, Florida Statutes loses his or her licenser for five years and is unable to treat patients seeking PIP medical benefits for 10 years.
- ⤴ Provides an additional 60 days (90 total) for insurers to investigate suspected fraudulent claims, but an insurer who eventually pays the claim may also pay an interest penalty.

- ⤴ Entities seeking reimbursement under the No-Fault law must obtain health care clinic licensure.
- ⤴ Gives exceptions to hospitals, ambulatory surgical centers, entities owned or wholly owned by a hospital, clinical facilities affiliated with an accredited medical school and practices wholly owned by a physician, dentist, or chiropractic physician or by such physicians and specified family members.
- ⤴ Creates standards for evaluating whether an entity claiming it is exempt from the requirement to obtain clinic licensure is actually wholly owned by a physician.
- ⤴ Defines failure to pay PIP claims within the time restraints of Section 627.735(4)(b), Florida Statutes, as an unfair and deceptive practice.
- ⤴ Allows the Office to order restitution to the insured or provider and does not limit the Office's administrative penalties, which can include the suspension of an insurer's certificate of authority (COA).

### ***Investigation of Automobile Accidents***

- ⤴ Requires law enforcement to complete a long-form crash report when there is any indication of pain or discomfort by anyone involved in a crash.
- ⤴ Requires law enforcement to identify the vehicle that each person was a driver or passenger in for all crash reports.
- ⤴ For all crashes that do not require a law enforcement report, the driver of the vehicle must submit a report to the Department of Highway Safety and Motor Vehicles (DHSMV) within 10 days of the accident.
- ⤴ Creates a non-profit direct support organization: The Automobile Insurance Fraud Strike Force (Strike Force). The Strike Force can accept private donations for the purposes of preventing, investigating, and prosecuting motor vehicle insurance fraud.
- ⤴ Monies raised by the Strike Force may fund salaries of insurance fraud investigators, prosecutors, and support personnel; however, the grants and expenditures cannot interfere with prosecutorial independence.
- ⤴ Funds may not be used for lobbying or advertising that uses the likeness or name of any elected official.

### ***Mandatory Rate Filings and Data Call***

- ⤴ Requires the Office to contract with a consulting firm to calculate the expected savings from the act.
- ⤴ Requires a report from the consulting firm to be submitted to the Governor and Legislature by September 15, 2012.
- ⤴ Requires insurers who write private passenger automobile personal injury protection insurance to submit a rate filing by October 1, 2012.
- ⤴ Requires insurers that do not provide at least a 10 percent reduction of its current rates to explain in detail the reasons for failing to achieve those savings.
- ⤴ Requires a second rate filing must be made by January 1, 2014.
- ⤴ Insurers that do not provide at least a 25 percent reduction of the rate that was in effect on July 1, 2012 must explain in detail the reasons for failing to achieve those savings.
- ⤴ Requires the Office to order an insurer to stop writing new PIP policies if it requests a rate in excess of the statutorily required rate reduction and fails to provide a detailed explanation for that failure.



- ⤴ Authorizes the Office to perform a comprehensive data call on PIP and publish the results by January 1, 2015. The purpose of the data call is to analyze the impact of the act's reforms on the PIP insurance market.
- ⤴ Appropriates \$200,000 from the Insurance Regulatory Trust Fund to be used by the Office to contract with an independent consultant for the data call.

### **2012 Senate Bill 730 – Insurance (Life & Health)**

- ⤴ Limits the Subscriber Assistance Program providing assistance to subscribers of certain managed care entities who have grievances that have not been resolved by the internal grievance process of the managed care entity.
- ⤴ Limits review by the Subscriber Assistance Program to unresolved grievances from subscribers of prepaid health clinics certified under Chapter 641, Florida Statutes, Florida Healthy Kids plans, and health insurance policies or health maintenance organization (HMO) contracts that meet the grandfathered health plan coverage provisions under the Federal Patient Protection and Affordable Care Act.
- ⤴ Provides that the Subscriber Assistance Program is not applicable to such a health plan if the plan elects to have all of its policies or contracts subject to applicable internal grievance and external review processes by an independent review organization.
- ⤴ The Agency for Health Care Administration (AHCA) must be notified in writing if a plan elects to have all of its policies or contracts subject to external review.
- ⤴ Effective May 12, 2012, requires certain individual, group, blanket, and franchise health insurance policies to comply with the National Association of Insurance Commissioners' Uniform Health Carrier External Review Model Act in accordance with rules adopted by the Financial Services Commissioner and the Office and certain provisions of the Employee Retirement Income Security Act (ERISA) relating to internal grievances.

### **2012 House Bill 941 – Insurance (Property & Casualty)**

- ⤴ Provides payment for professional development expenses for Office employees.
- ⤴ Allows insurance companies writing commercial lines policies to transfer policies with a 45-day notice to a different Florida licensed insurance company if that company is a member of the same insurance group or owned by the same holding company. No residential policies, except specified types covering farms, can be transferred under this bill.
- ⤴ Eliminates annual mandatory onsite premium audits of policyholders required by the workers' compensation insurer, if the insurer meets certain financial requirements. If requested by the policyholder or ordered by the Office, the audit must still be done.
- ⤴ Excludes workers' compensation insurers from excess profit laws that required them to refund excess profits to their policyholders.
- ⤴ Corporate officers can elect to be exempt from workers' compensation coverage requirements. Persons who make this decision are not considered "employees" for premium calculation purposes, and are not eligible to receive workers' compensation benefits if they are injured on the job.

- ⤴ Defines “corporate office” to include members of limited liability companies (LLCs) in the construction industry who own at least 10 percent of the LLC.
- ⤴ Expands the definition of corporate officer for workers’ compensation purposes, to include 10 percent owners of non-construction LLCs. Allows these owners to elect to file an exemption from workers’ compensation coverage requirements.

**2012 House Bill 1127 – Insurance (Property & Casualty)**

- ⤴ Repeals two regular assessments levied by Citizens Property Insurance Corporation (Citizens) from certain Florida property and casualty policyholders.
- ⤴ Reduces a third regular assessment.
- ⤴ If a deficit is incurred by Citizens, it will levy assessments using the following sequence set by statute:
  1. Citizens Policyholder Assessments: Assesses its policyholders up to 15 percent of premium per account in deficit, for a maximum of 45 percent. Levied for one year.
  2. Regular Assessments: Levies a regular assessment up to six percent of premium or six percent of the deficit per account, for maximum of 18 percent, upon the exhaustion of the Citizens Policyholder Assessment for a particular account. Levied for one year on nearly all property and casualty policies in the state, with the exception of Citizens’ policies.
  3. Emergency Assessments: Levies an emergency assessment up to 10 percent of premium or 10 percent of the deficit per account, for a maximum of 30 percent, upon the exhaustion of the Citizens Policyholder Assessment and regular assessment for a particular account. Can be collected for as long as necessary to cure a deficit. Levied on nearly all property and casualty policies in the state, including Citizens’ own policies.
- ⤴ Eliminates the regular assessment for the Personal Lines Account and the Commercial Lines Account.
- ⤴ Reduces the assessment percentage for the Coastal Account from six percent to two percent.
- ⤴ Specifies the Office cannot order this assessment paid sooner than 90 days after the assessment is levied.
- ⤴ Extends the time period limited apportionment companies have to pay a regular assessment to Citizens from 12 months to 15 months.

**2012 House Bill 4139 - Repeal of Health Insurance Provisions**

This bill no longer requires the Florida Health Insurance Plan board of directors to annually report to the governor and legislature concerning the Florida Health Insurance Plan (Plan); deletes redundant language, making implementation of the Plan by the board contingent upon certain appropriations. Further, it deletes requirement that the Office annually report to the governor and legislature concerning the Small Employers Access Program.

## Technology Initiatives

The Market Research and Technology Unit (MRTU) is responsible for developing and maintaining state of the art and efficient computer application systems that support the Office goals and strategic objectives.

Companies begin most filing processes on the Office's website via the I-Portal interface. Computer application systems designed to strengthen Goal #1 include:

- EDMS – The Electronic Document Management System for the Office is the computer platform for all industry Forms and Rate filings. The system allows the companies and analysts to trade documents and communicate through email in respect to the filings. Additionally, the filings and their component documents are indexed, validated, and tracked using this system. By allowing companies to submit filings in EDMS, Forms and Rate filings are instantly available to the analysts and to the public. At this time, the Office is preparing for a major rewrite of EDMS to begin during FY 2012-13. Certain specialized filings in EDMS are forwarded to other application systems where they receive further review and processing. Several in particular are:
  1. Medicare Supplement (MediGap) MediGap includes Rate Collection and Rate Management modules. When new rates are approved they are included on the Office's Medicare Supplement Consumer website.
  2. The Multi-State Review Program (MSRP) accepts annuity filings submitted into EDMS but allows four other states – California, Georgia, Nevada, and Texas – the ability to complete reviews and approvals. This provides more efficiency for companies placing product changes or new products on the market.
  3. The Property and Casualty Rate Collection Management System (P&C RCMS) is used to assess rates and rate changes across a variety of Lines of Business. This system makes use of EDMS data in order to provide quick and accurate information to rate analysts and actuaries.
  4. CHOICES – Sample Automobile and Homeowner rates are shown for top companies by Florida county on the Office's website. In 2011, the Office cosmetically improved and implemented changes to the website. Automobile rate CHOICES was added in summer 2012, followed by a mobile device version of both sets of rates soon thereafter. CHOICES is intended to keep the public informed about insurance rates, and encourage comparison shopping by consumers to increase competition in the market.
  5. The Small Employer Collection System (SERCS) operates similar to the Medigap system by processing small group rates and transfers sample rates to the SERCS website located at [www.floir.com](http://www.floir.com). It is the intent of MRTU to begin a database rewrite of SERCS in CY2013.
- i-Portal/i-Fass – Two applications that enable Form and Rate filings are the Industry Portal (i-Portal) and the Internet Filing Assembly and Submission System. The systems work in harmony with i-File/IFWS to

allow for efficient filings, decisions, and public viewing. IFWS – The Internet File Workflow System, the managed workflow of “i-File”, is the receiving database for all filings delivered to EDMS and works with i-Portal and i-Fass so that company filings are properly authenticated and received. A major change in 2012 is the expanded use of the Universal Data Letter (UDL) system, especially for Life and Health filings, which collects rate changes at the front end of a filing for ease of processing. In FY 2012-13 the system will be further improved to allow companies to submit Forms filings by selecting a filing subtype before the Line of Business is chosen, saving time and effort by company filers and Office analysts.

- COREN – The major company information application used by the Office is the Company and Related Entities Navigator. This system utilizes the CORE database, which stores all Florida company and entity data. Currently over 4,000 active entities are maintained in COREN. In June 2012 the original COREN application was replaced with a new .Net application following an 18-month rewrite.
- i-Apply/WECAA – i-Apply is the company application submission module of the Web-Enabled Company Admissions Application. Beginning in mid-2011 the Office made a collective decision to invest in a detailed, orderly submission module versatile enough to handle the variety of insurance companies and other entities that request letters, permits, licenses, and certificates of authority to do business in the State of Florida. Since that time, i-Apply has undergone three of the five design phases, with the remaining two phases scheduled to be completed in FY 2012-13.

## **NAIC**

The organization provides state insurance regulators with a forum to collaborate on national public policy issues that promote a competitive marketplace for insurers while maintaining important protections for consumers. The Office is an active participant in the NAIC with Commissioner McCarty currently serving as President. As President, Commissioner McCarty chairs the International Insurance Relations Leadership Group, which is responsible for strengthening the international insurance regulatory system and providing a forum for cooperative efforts between state insurance regulators, international regulators, and multi-national associations of regulators on issues of mutual interest.

Also as President, Commissioner McCarty chairs the Government Relations Leadership Council, which monitors legislation that is introduced in Congress. In addition to Commissioner McCarty’s leadership role, Florida chairs the Catastrophe Insurance Working Group, which among other charges, monitors and recommends measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines. Florida also vice-chairs the NAIC’s Senior Issues Task Force, which handles issues such as Medicare, Medicare Supplement insurance, and

long-term care insurance that affect so many of Florida's senior population and has also been active in the areas of company solvency and financial oversight. In addition, Florida's active participation in national market conduct issues has resulted in millions of dollars being returned to consumers. Participation in NAIC activities has given Florida the ability to be a leader on many issues that are critical to the regulation of insurance and to better understand and influence insurance markets.

To reach the Goal #1, the Office will continue to develop systems to more accurately assess market trends, and will need to continue to participate actively in the national and global regulatory environments that control and shape the Florida marketplace. Some of the immediate issues facing insurance regulators are a new level of federal involvement in insurance regulation as well as the potential shift to consistent international accounting and reporting standards. Florida continues to provide leadership on these and other important issues with a focus on consumer protection.

**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 2013-2018 include refining processes and procedures to efficiently conduct investigations and examinations, timely report results, and take appropriate administrative action to address violations of the Florida Insurance Code. During FY 2011-12, the Office collected \$7.8 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 FY 2011-12, the Office's Market Investigations unit efforts resulted in insurance company refunds exceeding \$41.9 million to Florida consumers.

**GOAL #3: Monitor the solvency of licensed insurance companies to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.**

The Office has the statutory responsibility to review 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 two areas of expertise: the Life & Health Financial Oversight unit (LHFO), and the Property & Casualty Financial Oversight unit (PCFO). In 2010, the Specialty Product Administration (SPA) business unit merged into PCFO and LHFO. Each unit performs analyses of financial statements and on-site examinations of financial records for entities transacting insurance business in Florida.

Most insurance companies are not exclusively operating in Florida, but may operate or be domiciled in other states and do business in Florida. 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 well being 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.

The Office monitors the financial condition of all regulated entities through the use of internal financial analyses and on-site examinations. During the financial analysis and examination of regulated entities, a determination is made as to the quality of assets, adequacy of stated liabilities, and general operating results to determine if the financial condition of the company warrants continuation of its authority to transact business 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. A combination of trained staff and outside experts has proven to work very effectively to accomplish the Office's mission in this area.

## **Property & Casualty**

The financial health of the Florida homeowner's insurance marketplace continues to face some serious challenges even without a major hurricane in the past several years.

Although property and casualty insurers are continuing to be negatively impacted in part because of their reduced yields on investments, increases in fraudulent claims, and a soft market, the financial profitability is improving. A significant number of insurers have withdrawn from the residential property market and others have significantly curtailed writing. Insurers face challenges from the economic environment.

In 2012, the Florida Legislature passed a number of bills that impact the Office. HB 1101 amends several provisions of the insurance code. One provision in particular relates to captive insurers. Hopefully, this provision will make Florida more attractive for investment by corporations that use captives to insure their risks. In addition, the Florida Legislature passed HB 119 to reign in the cost of Personal Injury Protection (PIP) insurance by combating fraud and abuse in PIP.

The Florida domestic insurance industry supported changes included in SB 408 that became effective May 17, 2011, which increased surplus requirements for insurers transacting residential property insurance that are not a wholly owned subsidiary of an insurer domiciled in another state. Along with other pertinent parts, SB 408 authorizes the State Board of Administration and private market insurers to renegotiate the terms of a surplus note issued before January 1, 2011 pursuant to the Insurance Capital Build-Up Incentive Program, revises the notice of cancellation, nonrenewal or termination requirements for personal lines and commercial lines residential property insurance policies, places time limits for bringing a breach of contract property insurance action in court, and limits public adjuster fees related to reopened or supplemental claims to a maximum of 20% of the reopened or supplemental claim payment.

Florida hurricane risk is diversified through the use of reinsurance. In May of each year, the Office conducts a Reinsurance Data Call to determine whether insurers writing property risks in this state will be able to meet their policy obligations in the event of one or more catastrophic events during the hurricane season. The reinsurance markets have adequate capacity and the Florida insurers are well positioned for the storm season.

In addition, in 2010, the Office conducted an examination of sinkhole claims. The scope of the examination covers from 2006 to 2010 and relate specifically to homeowner claims filed in Florida on properties located in Florida. These efforts are part of continuing effort to improve the quantitative information

available about the Florida property insurance market to enable better decisions by policyholders.

The Office remains committed to fostering and developing a robust competitive market for risk capital in Florida. The Office has initiated a systematic program to introduce a series of innovations that reflect recent developments in 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; and
- ⤴ Working with the legislative and executive branches, aid in creating market opportunities and structures to attract catastrophic risk finance capital.

## **Life & Health**

### New Federal Health Insurance Law

The Patient Protection and Affordable Care Act (PPACA) was passed by the U.S. Congress and signed by the president in March 2010. This new law requires, among other things, that issuing carriers provide a rebate to consumers if the percentage of premiums expended for clinical services and activities that improve health care quality is less than 85% in the large group market and 80% in the small group and individual markets. Carriers were required to pay rebates to consumers for the first time in 2012.

Effective September 23, 2010, the law required certain changes to most group and individual health policies. Along with policy coverage changes, PPACA created the ability for Consumer Operated and Oriented Plans (CO-OP) to offer health coverage. CO-OPs are non-profit companies requiring member participation in managing the health plan. PPACA created federal funding for start-up costs and solvency capital for these new organizations that are to be licensed under state regulatory laws that apply to health insurance carriers. There is also the potential for a new form of health care provider to emerge known as an Accountable Care Organization (ACO). ACOs are a recent form of managed care created by PPACA. An ACO is operated by medical groups that coordinate patient care and strive to save money by coordinating treatment. Although Florida does not have a specific licensing category for an ACO, these entities will be assuming insurance underwriting risk which typically requires a license and oversight by Office.



## Health Flex Plans

Health Flex Plans (HFPs) are established in Section 408.909, Florida Statutes with the intent to expand health care options for low-income uninsured state residents by encouraging health insurers, health maintenance organizations, health care provider sponsored organizations, local governments, health care districts or other public or private community-sponsored organizations to develop alternative approaches to traditional health insurance that emphasize coverage for basic and preventive health care services. The initial expiration date of the pilot program was July 2004; however, the 2008 Legislature extended the program to July 2013. The future of health flex plans is uncertain after January 1, 2014, when the full federal health insurance reforms are expected to take effect and more comprehensive coverage will be required.

## Medicaid Reform

In 2011, the Florida Legislature created Part IV of Chapter 409, Florida Statutes, directing the Agency for Health Care Administration (AHCA) to create the Statewide Medicaid Managed Care program. The program has two key components: the Managed Medical Assistance program and the Long-Term Care Managed Care program. The program changes the dynamics of historical Medicaid and moves most all Florida Medicaid recipients into a managed care program. The law requires all recipients to be in an HMO, Provider Service Network or insurer. Once this Statewide Medicaid Managed Care program is implemented, health carriers that obtain contracts from AHCA will see a substantial increase in enrollment. It is anticipated that the Florida Long-Term Care Managed program will be available in all areas of the state by October 1, 2013. It is anticipated that the Florida Managed Medical Assistance program will be available in certain counties beginning in the last quarter of 2013, and will be available in all counties by October 1, 2014.

## CCRC

Continuing Care Retirement Communities (CCRC) present an ongoing issue of concern within the Office. Economic conditions have proven a challenge for many of these entities. Seniors often use the proceeds from the sale of their homes to pay the required entrance fee. The depressed market conditions have left many prospective residents unable to afford the entrance fee due to the decline in value or the inability to sell their home. As a result, most entities have experienced declining occupancy rates. Entities have been responding by lowering fees to make CCRCs more affordable. However, this has led to lower revenue for many of the entities. In addition, economic conditions have resulted in several large lenders no longer offering financing to CCRCs. As a result, some CCRCs have experienced difficulty in obtaining loans to refinance existing debt or to fund capital projects.

## Medicare Supplement Insurance (Medigap)

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 traditional

Medicare does not cover. There are more than 100 companies insuring over 674,000 Florida lives with Medigap coverage. These insurers generated nearly \$1.4 billion dollars in taxable premium payments in 2009. By concept and design, currently issued Medigap policies are standardized for easy benefit comparison by the consumer. There are 10 standardized Medigap plans called "A" through "N." Each plan, A through N, 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.

Beginning in 2009, Florida law was expanded to provide an open enrollment opportunity for those persons eligible for Medicare by virtue of disability or having end-stage renal disease (ESRD). Until 2015, insurers shall review experience for this class of individuals separately from the rest of the pool. After that time, carriers must pool the under age 65 issues with the rest of its Medigap business, but premiums for the disabled/ESRD will always be higher than the premiums for those 65 and older.

**GOAL #4: Expand and retain companies doing business in Florida and provide transparency of insurance related data.**

In 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 and Technology Unit that serves as the information clearinghouse for the collection and dissemination of public data for the Office. The Business Development/Company Admissions Unit (BDCA) also manages the company application process, has a sub-unit dedicated solely to the review of all property and casualty applications and is responsible for the coordination of licensure approvals by the Commissioner.

The BDCA outreach program to the marketplace was developed and implemented within the existing resources of the Office, pursuant to Section 624.307(7), Florida Statutes.

**Business Development/Company Admissions (BDCA)**

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. A natural extension of the licensure of these new insurers and the BDCA's promotion of business in Florida is the creation of jobs; each new applicant is asked to identify how many new Florida jobs their licensure will create. Another goal of the unit is to identify financially sound, highly rated companies not writing in Florida, and communicate to them the positive aspects of the Florida marketplace and incentivize them to expand or redomesticate in Florida.

Initially, the BDCA unit worked 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. This involved travel in and outside of the state of Florida. However, due to significant budget reductions, the Office can no longer afford such travel.

The BDCA unit continues its proactive role in promoting the opportunities available to insurance/reinsurance companies in the Florida marketplace and in light of current economic conditions, continues its outreach within the existing resources of the Office, relying heavily on electronic communication means including virtual meetings/conferences, as well as hosting various pre-filing meetings. This past year, the Office hosted an Industry Conference whereby the unit presented new technology initiatives to facilitate speed to market and promoted a new business opportunity which is described more fully in a subsequent paragraph. In addition, the unit continuously reviews and where necessary, modifies certain of the Office's website information to accommodate the ever-changing statutory and business requirements in Florida's insurance/reinsurance marketplace.

The daily routine of the BDCA unit is to work closely with companies to help them achieve success with their application submissions. The application process, iApply, is electronic and has decreased the application processing time, and thus, increased speed to market of new insurance products for consumers and enhanced competition to Florida's marketplace. The system does not reduce the scrutiny given to an application, but enhances and organizes the information so that decisions may be made quickly and based on complete information.

During this past year, the Legislature, through HB 1101, modified Part V of Chapter 628, Florida Statutes by redefining the term captive insurer, reducing the capital and surplus requirements, introducing different corporate formations and allowing for a less burdensome licensure process than prior law. This legislation is intended to have a positive economic impact through job creation and also effectuate overall cost savings to participants. In addition, newly created Section 624.402(9), Florida Statutes, expands current exemption from the Certificate of Authority requirements for non U.S. based insurers to operate in Florida without holding a Certificate of Authority subject to certain conditions. Using iApply functionality, application/registration packages were created and implemented with minimal system resources, which facilitate the registration/notification process and provide prospective applicants with timely instructions for fulfilling these new requirements.

Since the creation of the Office in 2003, the number of entities regulated by the Office has increase from approximately 3,400 to over 4,000 (including surplus lines). In FY 2011-12, the insurance premium tax collected by the state of Florida according to the Department of Revenue was more than \$704 million.

### **Market Research & Technology**

The Market Research and Technology Unit serves as the data clearinghouse for the collection and dissemination of public insurance industry data. This unit is

comprised of two areas that support the Office in the oversight and development of Florida's insurance markets.

The primary purpose of the Market Research Unit (MRU) is operational in nature. MRU ensures efficiency and transparency in the collection and validation of data that is collected from regulated entities. This section provides the data to satisfy public record requests, legislatively mandated reports and internal business unit requests.

The MRU makes insurance data it collects available to the public on [www.floir.com](http://www.floir.com). Many of these web pages and databases continue to evolve over the years due to legislative changes and technology enhancements. Most notably, the development and use of the i-Portal and i-File is critical to company filings, as well as the Office's ability to meet its mission (refer to Goal #1).

The Technology Unit's primary role is to support the Office in the day-to-day maintenance and long-term development of computer applications. This unit works very closely with technical staff augmentation vendors and with the Department of Financial Services/Division of Information Systems to meet the needs of internal and external users by ensuring that systems are functioning properly. The Technology Unit in effect serves as the Office's resource for development of strategic initiatives, and as an advocate for innovation through technology enhancement.

Below is a list of significant technology initiatives, systems and data collections the Market Research and Technology Business Unit administers and reports on each year:

#### **Data Collection and Analysis Modules (DCAM)**

The DCAM system is housed within Office's i-Portal and it administers both *ad hoc* and standardized data collection events including, but not limited to, informational documents, surveys, questionnaires and numeric data. Some examples include:

##### Data Surveys

DCAM handled the Florida Legislature's Office of Program Policy Analysis and Government Accountability's (OPPAGA) Long-Term Care Partnership Survey, and has been used annually to facilitate the data collection for the Report on Life Insurance Limitations Based on Travel to Foreign Countries.

##### Catastrophe Data Collection

Each year DCAM is prepared to collect data for damage caused by a catastrophic event, such as a tropical storm or hurricane. In addition, in August 2010, the Office activated DCAM to collect sinkhole claims data from insurance companies. This data collection concluded in the fall of 2010.

##### Other Miscellaneous Data Calls

Since summer 2010, DCAM has become the major data collection application within MRTU. The MRTU conducted *ad hoc* data calls for Personal Injury Protection (auto) claims. Four parts of the revised Annual Reinsurance Data

Call are being conducted in DCAM during the 2011 storm season and three parts returned in 2012.

Additionally, MRU's largest data activity, General Emergency Assessments Reporting for Florida's Cat Fund and Citizen's Property Insurance, was converted to a DCAM data activity in April 2011. Others projects handled by DCAM include the annual Property & Casualty Calendar Year Experience Reporting, the annual Long-Term Care health survey, the quarterly Small Market Employer Group /Managed Care Reporting, and (beginning in Fall 2012) the quarterly Private Passenger Automobile Policy Count Reporting.

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Within DCAM both *ad hoc* and regular data activities have run more efficiently and have given MRU much greater flexibility in the deployment, administration, and (when necessary) troubleshooting of each activity. Both the contractor hours required and the time-to-production required has diminished using DCAM.

**Quarterly and Supplemental Reporting System Next Generation (QUASRng)**  
Section 624.424, Florida Statutes, directs the Office to quarterly collect data from companies writing personal and commercial residential policies. The Office publishes prepared reports on [www.floir.com](http://www.floir.com) by Policies in Force, Structure Exposure, Premiums Written, Non-renewed Policies, Canceled Policies and New Policies Written. A comprehensive database of all QUASRng data is also available through the Office's Website.

**Annual Report on Life Insurance Limitations Based on Travel to Foreign Countries**

Section 626.9541(1)(dd), Florida Statutes, defines the conditions under which the refusal to issue life insurance, the refusal to continue existing life insurance, or the limitation on the amount of life insurance based on past or future lawful travel constitutes an unfair trade practice. Based on the data call sent to insurers this report includes, but is not limited to, the number of applications under which life insurance was denied, continuance was refused, or coverage was limited based on future travel plans, the number of insurers taking such action and the reason for taking such action.

**Accident and Health Gross Annual Premiums and Enrollment (GAP)**

Section 627.9175, Florida Statutes, states that each health insurer, prepaid limited health services organization, and health maintenance organization shall submit to the Office information concerning health and accident insurance coverage and medical plans being marketed and currently in force in Florida.

**Small Group: Accident and Health Quarterly Premiums and Enrollment; Managed Care; and Market Share Reports**

Pursuant to Section 627.6699, Florida Statutes, the Office collects data pertaining to:

- Small Employer Group Carrier estimates of earned premiums and membership enrollment.

- Managed Care financial and county enrollment data for (Health Maintenance Organizations/HMOs) and other managed care health insurers (Group and Individual).
- Summary data of Small Employer Group Health annualized premiums earned.

**Professional Liability Claims Reporting (PLCR) and Medical Malpractice Financial Information Closed Claim Database and Rate Filings Report**

Section 627.912, Florida Statutes, requires the Office to collect closed claims data from medical and legal professionals, as well as officers and directors. This data is utilized to comply with the requirements of Section 627.912(6)(b) &(c), Florida Statutes, which directs the Office to prepare an annual report detailing the medical malpractice insurance market in Florida. The report provides a review of the profitability and solvency characteristics of the medical malpractice insurers doing business in Florida, a review of rate filings received by the Office during the year, and a review of the characteristics of the medical malpractice closed claims required to be filed with the Office.

**Property and Casualty Calendar Year Experience Report (PCCY)**

Section 627.915(2), Florida Statutes, requires insurers transacting fire, homeowner's multiple peril, commercial multiple peril, medical malpractice, products liability, workers' compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers' and directors' liability insurance, or other liability insurance to report its calendar year experience for Florida business only (e.g., this includes, but is not limited to, direct premiums written, direct premiums earned, direct losses paid, acquisition costs, general expenses, etc.).

CHOICES – Sample Automobile and Homeowner rates are shown for top companies by Florida county on the Office’s website. In 2011, the Office cosmetically improved and implemented changes to the website. Automobile rate CHOICES was added in summer 2012, followed by a mobile device version of both sets of rates soon thereafter. CHOICES is intended to keep the public informed about insurance rates, and encourage comparison shopping by consumers to increase competition in the market.

**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.

## 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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
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), Florida Statutes.

Baseline Year 2003-2004	FY 2012-2013	FY 2012-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
180	90	90	90	90	90

*NOTE: The statutory requirement is processing an application within 180 days of receipt by the Office; however, for FY 2007-08, 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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
63%	75%	80%	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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
567	689	723	760	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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
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 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
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 - Overview of the Market**

The property insurance market in Florida is constantly evolving due to the challenges presented by its unique risks and exposure. Both the Office and the Legislature continue efforts to identify areas of concern to ensure a viable and stable insurance marketplace for both consumers and insurers. These efforts aim to encourage growth in the property insurance marketplace resulting in insurance rates that are reasonable for Florida consumers while maintaining insurers' ability to earn a profit and remain solvent.

This year marked the twenty year anniversary of Hurricane Andrew, which reached landfall in South Florida in 1992 and was the costliest hurricane in history in terms of insured property losses to the state. The lessons learned from this storm, and from the 2004/2005 seasons, have helped the state prepare, and mitigate future risk. Furthermore, these storms have been the impetus for significant legislative and regulatory reform.

One of these legislative reforms led to the creation of Florida's residual market, Citizens Property Insurance Corporation (Citizens). As the insurer of last resort for many consumers and a viable alternative to more expensive insurance options, it has swelled in size to become one of the state's leading property insurers. As of July 2012, Citizens had more than 1.4 million policyholders. A concerted effort to downsize and reduce the exposure of Citizens has been underway for several years, and the Office is working with Citizens to limit its market exposure.

Within the last year, the Office approved rate and policy form filings to reduce the coverage for coastal account policies to \$1 million, reduce personal liability coverage from \$300,000 to \$100,000, and eliminated coverage for such things as pool cages, carports, and screen enclosures. Citizens is proactively working to remove policyholders and reduce the number of its insured properties and exposure through a Depopulation program authorized by the Florida Legislature. Companies participating in this program and approved by the Office are called "take-out companies." As of July 2012, 84,339 policies have been removed from Citizens, which represents 30,000 more policies removed by insurers than in 2010 and 2011. In addition, on September 6, 2012 the Office announced approval of up to 150,000 additional take-out policies by four private companies. On September 24, 2012, the Office announced the removal of an additional 60,000 policies.

The Florida Hurricane Catastrophe Fund (FHCF), a state-run mandatory reinsurer also created in the years following Hurricane Andrew, plays a primary role in the provision of property insurance coverage for Florida residents. All property insurers are required to obtain a level of reinsurance coverage from the FHCF each year and premiums are set by risk exposure to hurricane loss. The FHCF provides reimbursement to participating insurers for their covered losses from hurricanes after each insurer has met its retention, or deductible. After the retention is met, the FHCF reimburses covered losses up to 90 percent with the remainder of the responsibility up to the insurer. Six consecutive seasons

without hurricane activity in Florida have given companies an opportunity to accumulate resources and otherwise prepare for future storms. The FHCF is retaining more cash and surplus than in previous years. At the end of 2011, the FHCF had an estimated fund balance of over \$7.1 billion and entered into pre-event financing arrangements that provide additional liquidity. Furthermore, the aggregate industry retention was \$7.9 billion.

Over the past two decades, the Florida insurance market has experienced a trend of domestication as national insurers limited their catastrophic exposure in Florida, which has enabled privately-owned, domestic companies to insure 60 percent of the marketplace. Citizens now insures roughly 24 percent, and non-domestic (primarily national and regional) companies insure the other 16 percent of the marketplace. The overall surplus for domestic homeowners insurance companies combined with Citizens has increased to about \$9.8 billion.

In terms of underwriting gains and net income for its insurers, Florida fared far better than other areas of the country during the 2011 calendar year. The trends for Florida's domestic insurers resemble those of the entire marketplace. During the calendar year of 2011, 61 percent of insurers operating in the Florida homeowners' market increased their surplus, while 76 percent of companies reported positive net income. In the first quarter of 2012, these positive trends continued with 87 percent of insurance companies writing homeowners insurance in Florida experiencing increased surplus, and 84 percent reporting positive net income.

A 2012 report by the National Insurance Crime Bureau (NICB) reported Florida lead the nation in staged auto accidents, allowing "passengers" to access their \$10,000 of Personal Injury Protection (PIP) insurance benefits from providers who were not licensed nor who had identifiable addresses. From 2008 to 2012, the amount Florida policyholders paid for PIP benefits increased from \$1.45 billion to \$2.45 billion – an increase of 70 percent. While PIP premium represented only two percent of the total auto insurance premium in Florida, PIP issues accounted for 50 percent of all fraud referrals. To address this growing problem with Florida's PIP law, significant legislation was passed in the form of HB 119. The law became effective July 2012, but many of the changes will take time to implement and the full impact of the law will not be realized until at least 2013-2014.

To determine how this legislation would affect consumers, the Office was appropriated funding by the Legislature to contract with a qualified vendor to perform an independent analysis of HB 119. The Office announced its selection of Pinnacle Actuarial Resources, Inc. (Pinnacle) on June 12, 2012 and issued their final report to the Governor, Florida Legislature and general public on August 21, 2012. Per the report, the savings is for the premium *indications* – not the actual premiums; and *only* on the PIP portion of the premium, which is roughly 20% of the average auto insurance bill. The report concluded the bill may actually mitigate premium increases, not reduce premiums. This result would not be realized until January 1, 2013 – at the earliest. Insurers do not have to accept the indicated savings calculated by Pinnacle.

Workers' compensation insurance rates have steadily declined over the last seven years and been some of the most competitive in the nation due to comprehensive legislative reforms passed in 2003 to reduce costs. In 2010, rates began an upward trend, which has continued into this year. The Office anticipates that during the 2013 Legislative Session there may be proposals to the Legislature centered on three principal cost-drivers identified as contributing to the recent annual increases: the high cost of drug repackaging; and, costs associated with reimbursement rates for inpatient hospital medical care and outpatient hospital medical care.

Another issue for the property and casualty market relates to lender-placed insurance, also known as force-placed insurance. This is a type of insurance imposed by lenders on those who fail to secure homeowners insurance for their property as required by the mortgage or lending document. On both a national and state level, concerns about the business practices between the lender and insurer have been raised by consumers and advocacy groups. With one of the largest market shares for this type of insurance, Florida is taking these concerns seriously. The Office has regularly reviewed the rate filings for the largest admitted insurers offering lender-placed insurance since 2007 and held a public rate hearing in July for Praetorian Insurance Company. As President of the NAIC, Commissioner McCarty attended a fact-finding hearing on lender-placed insurance in Atlanta, Georgia on August 9, 2012 to hear testimony from insurers and other interested parties about this issue.

### **Life and Health Insurance – Overview of the Market**

All recent developments in the Florida health insurance market have been eclipsed by the Patient Protection and Affordable Care Act (ACA), which was passed by Congress in 2010 and upheld in the United States Supreme Court in June 2012. The decision affirmed the substance of the ACA, but there remains concern in Florida about the potential for increased health insurance premiums and continued disruption to the stability of the marketplace for many Floridians. The Office and other state agencies currently do not have statutory authority to implement federal law. Enabling legislation would need to be passed for the Office to take implementation action. In July 2012, the Office held a joint public meeting with the Florida Health Insurance Advisory Board to provide educational updates on state/federal health care issues.

Life insurance claim settlement practices received national attention when the NAIC formed a task force in May 2011, chaired by Commissioner McCarty, to guide and coordinate the multistate examination process of life insurance companies. These investigations found that insurance companies used the U.S. Social Security Administration's Death Master File to cut-off payments for annuity products, but did not use the same information to pay beneficiaries for life insurance policies. The companies are required to either pay beneficiaries of deceased insureds or turn over funds to state Unclaimed Property units within stated time frames. However, companies have been keeping the funds and keeping the policies on record as active in some cases long after the company has notice of a death.

This practice is illegal under current Florida law, which requires life insurers to conduct a reasonable search for beneficiaries if they have knowledge of a death in their records and have not received a claim in 120 days of the death. The practices violate similar laws and potentially Unfair Trade Practices Acts in other states. The multi-state, multi-agency collaborative effort is in the process of reviewing the top 20 life insurance companies/groups, although the Office has partnered with other state agencies in conducting a survey of the top 40 companies that comprise 92 percent of the market. As of July of 2012, there have been three settlements with life insurance companies involving the State of Florida: John Hancock Insurance Company (\$3 million fine/payment in Florida only), Prudential Insurance Company (\$17 million fine/payment), and Metropolitan Life Insurance Company (\$40 million fine/payment).

The Office is continuing its work with the Offices of the Florida Attorney General and the Chief Financial Officer's Unclaimed Property unit, and other state insurance regulators through the NAIC, to investigate and resolve these issues with the remainder of the industry for better consumer protections. Millions of dollars are flowing back to consumers through this process. The Office is continuing its partnership with other state agencies, as well as the NAIC, to investigate and resolve the issue for better consumer protections.

Another national matter related to life insurance products and with possible implications for the Florida insurance marketplace is a focus on Actuarial Guideline (AG) 38. AG 38 is a reserve requirement for all universal life products that employ secondary guarantees with or without shadow account funds. There is a lack of uniformity in implementation by insurers, and regulators have since recognized that a number of companies designed contracts that have resulted in an imbalance of guarantees and reserves. Recognizing this imbalance, regulators approached the NAIC's Life Actuarial Task Force (LATF).

A statement was released in September 2011 that cautions against some insurers holding "reserves [that] do not properly reflect the full benefits of the secondary guarantee as required by the law, regulation, and guideline." The NAIC, through various committees, is working to evaluate policies in two separate categories: policies issued before a specified date (in-force business), and policies issued after the specified date (prospective business). Several new policies and procedures are being established to fix the AG-38 issue, and offer a bifurcated approach.

### **Business Development/Speed to Market Initiatives/Job Creation**

Florida has been a leader in modernizing the regulatory environment. Business development, job creation and speed to market initiatives are a key focus employed by the Office.

It is the goal of the Office to attract business and capital to Florida, and it is important for the Office to continue a working dialogue and interaction with the global insurance and reinsurance markets. Reinsurance is a critical component of the Florida marketplace. Even though a Florida insurer may assume the risk, it often contracts with up to 15-20 reinsurers to distribute and diversify the risk within the global reinsurance marketplace. As a result of these relationships,

there are positive signs of increased global reinsurance capacity to Florida. In 2007, Florida became the first state in the United States to allow ceding insurance companies to receive full credit on their financial statements for reinsurance purchased from non-U.S. based reinsurers who are highly rated and financially sound. As of the end of July 2012, there were 20 licensed eligible reinsurers from the London and Bermuda markets operating at reduced collateral. In a 2012 survey of these eligible reinsurers showed these reinsurers combined bring \$49.6 million in capacity to our state.

Legislative provisions passed in HB1101 give Florida better opportunities to attract U.S.-domiciled captive insurers by augmenting the current captive insurance law. A captive insurance company is an insurance company formed to provide specific classes of insurance coverage to its parent organization or its affiliates, but not to the public as a whole. Florida will allow the creation of four types of captive insurers: 1) pure captives, 2) industrial insured captives, 3) special purpose captives, and 4) captive reinsurance companies. The law permits captive insurance companies to provide all insurance under the Florida Insurance Code, except for workers' compensation and employer's liability, life, health, personal motor vehicle, and personal residential property insurance. One of the main changes in the law to increase the speed to the market is allowing captive insurers to register with the Office as opposed to complying with the full licensure procedures. A streamlined application is under development by the Office.

The ability for companies to offer new or revised insurance products into the market was simplified by the Office with Orders issued on April 9, 2012 and June 25, 2012, exempting specified forms from review and approval. As of August 8, 2012, 276 form filings have been closed per the Orders.

Job creation is an important step in Florida's progress toward economic recovery. Per the Department of Economic Opportunity (DEO), the insurance industry grew by 4,034 jobs in 2011. As of June 30, 2012, the Office has oversight of over 4,000 insurance and related entities, of which 154 are new entities since the prior fiscal year.

## LRPP Exhibit II - Performance Measures and Standards

43900000 Financial Services Commission
43900110 Compliance and Enforcement - Insurance

Approved Performance Measures for FY 2012-13 (Words)	Approved Prior Year Standard FY 2011-12 (Numbers)	Prior Year Actual FY 2011-12 (Numbers)	Approved Standards for FY 2012-13 (Numbers)	Requested FY 2013-14 Standard (Numbers)
Maximum number of days from date of application for a new certificate of authority initially submitted to the OIR approves or denies the applications pursuant to 120.80(9), F.S.	180 Days	201	180 Days	180 Days
Number of Applications Processed	328	137	328	328
Number of Rate and Form Reviews Processed	13,000	14,686	13,000	13,000
Percent of Rate and Form Reviews Completed in 90 Days	92%	99.83%	92%	92%
Number of Financial Reviews and Examinations Completed	11,952	8,831	10,000	10,000
% of Financial Analysis Reviews Completed Timely (within 90 days)	93%	99.81%	93%	93%
Number of Examinations and Investigations that are completed for licensed companies and unlicensed entities	760	1,090	760	760
Current Number of Licensed/Regulated Insurance Entities	3,500	4,174	3,500	3,500
Residual Market Premium as a percent of total premium for homeowner's (total), mobile home, dwelling fire insurance	22.50%	21.74%	22.50%	22.50%
Residual Market Premium as a percent of total premium for workers' compensation insurance	0.75%	0.5	0.75%	0.75%
Residual Market Premium as a percent of total premium for automobile insurance	0.50%	1.88%	0.50%	0.50%
Average Risk Based Capital Percentage	5.00%	8.04%	5.00%	5.00%
% 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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<b>Approved Performance Measures</b>	<b>Approved Prior Year Standard FY 2011-12 (Numbers)</b>	<b>Prior Year Actual FY 2011-12 (Numbers)</b>	<b>Approved Standards for FY 2012-13 (Numbers)</b>	<b>Requested FY 2013-14 Standard (Numbers)</b>
Administrative costs as a percent of total agency costs	<12.6%	9.9%	<12.6%	<12.6%
Administrative costs as a percent of total agency positions	<12.6%	11.8%	<12.6%	<12.6%

**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	201	21	12%

**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:**

OIR resources have been reduced by over 10%. However, only 1 application exceeded the 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 checked="" 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:** 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	137	(191)	(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 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 new Certificate of Authority 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:**

**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:**

- |   |   |
|---|---|
| <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
13,000	14,686	1,686	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 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:**

The number of rate and form reviews completed only provides a partial picture of the Office’s performance. A timely review brings more products to the market for consumers and access to new rates for companies. The Office recommends adding the language “percent of rate and forms filings completed within 90 days”.

**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:**

- |   |   |
|---|---|
| <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
11,952	8,831	(3,121)	(27%)

**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:**

Office resources have been reduced from 315 FTE to 283 FTE.

**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; therefore some exams are done every 3-5 years or on an as-needed basis.

**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:** 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	1,090	330	31%

**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:**

**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	4,174	674	19%

**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.

**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%	21.74%	(7.27%)	(32%)

**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 workers' compensation 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
0.75%	0.50%	(.35%)	(47%)

**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:**

**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 Office does not control the number of policies in the residual marketplace.

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

- Training
- Personnel
- Technology
- 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:**

- |  |   |
|--|---|
| <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
0.50%	1.878%	.213%	43%

**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 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:** Average Risk Based Capital percentage

**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
5%	8.04%	.45%	9%

**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:**

**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:**

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

- Training
- Personnel
- Technology
- Other (Identify)

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for FY 2012-13 (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

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2011-12			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT				304,232,321	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)				9,269,474	
FINAL BUDGET FOR AGENCY				313,501,795	
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.		7,471	50.02	373,735	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		52,589	19.51	1,026,274	
Investment Of Public Funds * Dollar Volume Of Funds Invested		19,500,000,000	0.00	666,915	
Provide Cash Management Services * Number of cash management consultation services.		30	31,493.17	944,795	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		4,818,116	0.32	1,556,132	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,550,113	1.08	1,667,592	
Accounting And Reporting Of State Funds * State Accounts Managed In The Florida Accounting Information Resource System.		38,229	131.00	5,007,840	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		12,760,443	0.09	1,096,693	
Conduct Pre-audits Of Selected Accounts Payable * Agency payment requests are pre-audited and posted in a timely manner such that payments are issued in less than the 10 day statutory time limit.		621,078	5.58	3,467,505	
Conduct Post-audits Of Major State Programs * Number of contract/grant reviews and post-audits of contract/grant disbursements completed to determine compliance with statutory and contractual requirements.		9	187,600.67	1,688,406	
Process State Employees Payroll * Payroll payments issued.		3,146,952	0.78	2,462,452	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes and Federal rules and regulations.		2	91,196.00	182,392	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		9	99,338.89	894,050	
Article V - Clerk Of The Courts * N/A		6	126,039.33	756,236	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		1,428,100	1.74	2,488,473	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		289,729	8.83	2,558,676	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,859	74.78	512,923	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		17,294	236.79	4,095,061	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		518	1,053.54	545,735	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,532	370.74	567,967	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,811	3,515.65	13,398,153	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		199,845	25.84	5,164,704	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		5,676	449.62	2,525,048	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed		15,729	64.40	1,012,971	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,688,141	0.10	369,726	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		21,143	1,142.05	24,146,362	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,888	2,232.85	10,914,177	
Process Property Claims On State Owned Buildings (Structure And Contents) * Number of state property loss/damage claims worked.		101	18,695.72	1,888,268	
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.		260	6,970.23	1,812,261	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		55	16,866.13	927,637	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		105,677	26.73	2,824,504	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		70,886	48.90	3,466,008	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,579,891	0.49	772,182	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		188,425	2.16	407,647	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,535	2,359.96	5,982,509	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		2,444	6,324.98	15,458,245	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		623	6,933.18	4,319,371	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		54,370	79.00	4,295,235	
Provide Consumer Education Activities * Number of consumer educational materials created and distributed.		256,664	2.76	707,796	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		365,997	12.87	4,701,526	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed FY 10-11: 1,590		1,629	1,282.65	2,089,429	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		92,547	46.42	4,296,416	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		34,780	383.71	13,345,337	
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.		1,468	3,098.45	4,548,524	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		4,195	327.58	1,374,205	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		83,768,400	0.01	692,875	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,046,122	0.78	3,948,483	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		5,624	249.42	1,402,721	
Approve And License Entities To Conduct Insurance Business. * Number of applications processed.		137	6,415.81	878,966	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		1,090	2,771.32	3,020,736	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,831	1,760.31	15,545,274	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		14,686	521.67	7,661,229	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		1,492	5,583.58	8,330,701	
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.		20,917	129.99	2,718,985	
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.		235	50,330.39	11,827,642	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		23	32,001.74	736,040	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		343	15,704.01	5,386,476	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		347	6,694.28	2,322,916	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees.		235	25,029.36	5,881,900	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Substantively review and act upon securities applications for registration of firms, branch offices associated person and securities offerings.		54,666	46.43	2,538,120	
TOTAL				236,201,157	
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				35,991,572	
REVERSIONS				41,105,512	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				313,298,241	

### 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	302,413	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	578,447	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,806,523	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	747,139	
43200100	1601000000	ACT2020	CAPITAL COLLATERAL REGISTRY	1,514,847	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	13,520,875	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,761,055	
43500700	1202000000	ACT9060	AFDC/WAGES/EMPLOYEE FRAUD	771,065	
43500700	1202000000	ACT9070	PUBLIC ASSISTANCE FRAUD	1,088,689	
43500700	1202000000	ACT9080	MEDICAID FRAUD INVESTIGATIONS	783,752	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	588,409	
43200100	1601000000	ACT9920	RELIEF BILL	1,350,000	
43500400	1205000000	ACT9930	TRANSFER TO FLORIDA CATASTROPHIC	950,000	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	228,358	

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TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	313,501,795	
TOTAL BUDGET FOR AGENCY (SECTION III):	313,298,241	
HB 119 PIP Study passed in 2012 Leg Session	200,000	
provided appropriation effective upon becoming law and is not included in th Section I total.		
	-----	-----
DIFFERENCE:	3,554	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## **GLOSSARY OF TERMS AND ACRONYMS**

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.

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

Citizens - Citizens Property Insurance Corporation

COREN - Companies and Other Related Entities - Navigator

DCAM - Data Collection and Analysis Modules

EDMS - Electronic Document Management System

EOG - Executive Office of the Governor

ERISA – Employee Retirement Income Security Act

F.A.C. - Florida Administrative Code

FAME/REFS – Financial Analysis and Monitoring Electronic Data Management System/Regulatory Electronic Filing 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.



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

FY - Fiscal Year

GAA - General Appropriations Act

HMO - Health Maintenance Organization

IG - Inspector General

IT - Information Technology

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

Medigap – Medicare Supplement Insurance

MSRP – Multi-State Review Program

NAIC - National Association of Insurance Commissioners

OIR or Office – Office of Insurance Regulation

OPB - Office of Policy and Budget, Executive Office of the Governor

OPS - Other Personal Services

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.

PPACA(ACA) – The Patient Protection and Affordable Care Act

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.

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.

Standard - The level of performance of an outcome or output.

TF - Trust Fund

TPA – Third Party Administrators

UCAA – Uniform Certification of Authority Application

## Office of the Commissioner

### **Kevin M. McCarty Commissioner of Insurance Regulation**



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Email Address	<a href="mailto:Kevin.McCarty@flor.com">Kevin.McCarty@flor.com</a>

Kevin McCarty began his career in public service in 1988 becoming an expert in workers' compensation issues with the Department of Labor & Employment Security. His experience gained him a position with the Florida Department of Insurance in 1991. In 1992, McCarty became a point-man to implement strategies to improve the private marketplace following the devastation of Hurricane Andrew.

The Governor and Florida Cabinet announced McCarty as the first appointed insurance commissioner in January 2003.

Throughout his career, McCarty has cited three main principles that have guided his vision of government's role in society: 1.) Government should serve and ultimately be accountable to the people; 2.) Government should be transparent in its operations, and treat its clients fairly and equitably; and 3.) Government should promote a vibrant, competitive marketplace while protecting those unable to protect themselves.

McCarty has cemented his reputation as an innovator utilizing technology to improve the regulatory process, with the electronic rate and form filing and application processes, increasing speed to market for insurers and reducing administrative costs for insurers. He is a fierce defender of seniors and historically discriminated minorities and a national leader on national catastrophe strategy.

He continues to focus on stabilizing the Florida property insurance market, reforming Florida personal injury protection (PIP) law, and protecting Florida's consumers.

McCarty's work within the National Association of Insurance Commissioners (NAIC) ensures Florida consumers and insurers have a voice on national insurance issues. He is the President of the NAIC for 2012. McCarty chairs the Senior Issues (B) Task Force, Professional Health Insurance Advisors (EX) Task Force, Catastrophe Insurance (C) Working Group, and the International Insurance Relations (G) Committee, and serves on numerous other NAIC committees and working groups. McCarty has previously chaired a number of substantive committees including the Financial Condition (E) Committee and the Property & Casualty (C) Committee, and has coordinated Florida's NAIC Financial Accreditation.

He has elevated Florida's international presence by serving as a United States' representative on the [International Association of Insurance Supervisors](#)' (IAIS) Executive and Technical Committees, as well as the Joint Forum, a key group of leading international regulators from the insurance, banking and securities sectors.

McCarty has been privileged to testify before the United States Congress on matters relating to almost every sector of the insurance industry.

McCarty and the Office received the 2010 Esprit de Corps Award for outstanding service to the NAIC. He was selected for the Spirit of Independence Award in 2011 from the National Association of Health Underwriters for his work to preserve the role of health insurance agents in light of federal health care reforms.

McCarty received his bachelor's degree and Juris Doctorate from the University of Florida.

### **Overview of Office of the Commissioner**

The Commissioner of Florida's Office of Insurance Regulation provides the Office's policy and executive leadership. In this capacity, the Commissioner supervises two Deputy Commissioners, the Chief of Staff, General Counsel and the Inspector General.

The Commissioner serves as a member of the National Association of Insurance Commissioners (NAIC), the national organization of insurance regulators from all 50 states, the District of Columbia and the five U.S. territories. The NAIC provides states with a forum for the development of uniform policy where appropriate. Participation at the NAIC affords the Office the opportunity to take part in resolving major insurance issues and contribute to the development of national policies.

The Commissioner is responsible for formulating and submitting strategic goals of the Office to the Financial Services Commission. This includes an annual submission of Performance Measures to ensure accountability, measures which are approved by and reported to the FSC.

All functions within the Commissioner's Office are divided into one of two program areas: Executive Direction and Support, and Compliance and Enforcement.

Executive Direction and Support includes the Commissioner's Office, the Office of General Counsel/Legal Services, and the Office of the Inspector General (OIG).

Compliance and Enforcement consists of the Office of the Chief of Staff, Insurer Regulation Offices of Deputy Commissioner for Life and Health Insurance, Deputy Commissioner for Property and Casualty Insurance, and Market Research.

**LINDA B. CHARITY**  
INTERIM COMMISSIONER

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## LONG RANGE PROGRAM PLAN

September 30, 2012

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

JoAnne Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Terry Rhodes, Staff Director  
Senate Budget Committee  
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 2013-14 through Fiscal Year 2017-18. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://floridafiscalportal.state.fl.us/Agencies.aspx?FY=2014&EXID=133&DisplayAgy=Y>. This submission has been approved by Linda B. Charity, Interim Commissioner.

Respectfully,



J. Ross Nobles  
Chief Financial Officer  
Office of Financial Regulation

# OFR Long Range Program Plan

Fiscal Years 2013-14 to 2017-18

September 30, 2012

**Linda B. Charity**  
Interim Commissioner

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FINANCIAL SERVICES COMMISSION

**RICK SCOTT**  
GOVERNOR

**PAM BONDI**  
ATTORNEY  
GENERAL

**JEFF ATWATER**  
CHIEF FINANCIAL  
OFFICER

**ADAM PUTNAM**  
COMMISSIONER OF  
AGRICULTURE

# OFFICE OF FINANCIAL REGULATION LONG RANGE PROGRAM PLAN

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## Mission & Goals

To assist the Office of Financial Regulation (the Office or OFR) in focusing on service and results, we have embarked upon the following new initiatives:

1. **People** – Rethink the way we measure and reward the success of our organization and every employee.
2. **Regulatory, Redundancy and Caseload Reform** – Reduce unnecessary and burdensome regulation to promote prosperity while vigorously safeguarding consumers and financial markets. Eliminate non-required activities that are performed more effectively by others. Focus our resources on cases that will have the biggest impact for Floridians.
3. **Budget Pilot** – Request a simplified biennial performance-based budget.

Based on these initiatives, the Office will be re-evaluating its current metrics in the coming year. The new measures will focus on results, not process.

In prior years, the Office has identified the following priorities. These priorities will change as we evolve to a more results oriented organization.

**PRIORITY #1: Excellence in all OFR does**

**PRIORITY #2: Enforce compliance with State laws related to the financial industry**

**PRIORITY #3: Examine regulated companies and individuals**

**PRIORITY #4: Register or charter institutions, companies and individuals**



## AGENCY SERVICE OUTCOMES

**PRIORITY #1: Excellence in all OFR does**

**OBJECTIVE 1A:** Improve metrics to measure agency results

**OUTCOME 1A-1:** Review all existing performance measures annually to ensure they are meaningful and “results” oriented rather than process driven

Baseline Year 2012-13	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 1B:** Develop an atmosphere of continuous improvement

**OUTCOME 1B-1:** Review all existing performance measures annually to ensure they are meaningful and “results” oriented rather than process driven

Baseline Year 2012-13	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 1C:** Ensure customer satisfaction in the Division of Financial Institutions by surveying financial institutions

**OUTCOME 1C-1:** Percentage of financial institution surveys completed that rate the professionalism and responsiveness to management’s request and concerns of the Division's examiners as excellent

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
97%	90%	90%	90%	90%	90%

**OUTCOME 1C-2:** Percentage of financial institution surveys completed that rate the overall professionalism, responsiveness, staffing level and training of the Division's examiners, as compared to federal examiners, as excellent

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
89%	90%	90%	90%	90%	90%

**OUTCOME 1C-3:** Percentage of financial institution surveys completed that rate the ability of the Division's examiners to logically and clearly discuss all material supervisory concerns, findings, and recommendations with management prior to the conclusion of the on-site examination as excellent

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
89%	90%	90%	90%	90%	90%

**OBJECTIVE 1D:** Provide quick, responsive service to applicants

**OUTCOME 1D-1:** Decrease the average number of days to review a Finance license application

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
25	19	18	17	16	15

**OUTCOME 1D-2:** Provide prompt resolution of registration matters by decreasing the number of broker dealer agent applications that are pending

Baseline Year 2011-12	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
270	245	233	221	210	200

**OUTCOME 1D-3:** Provide prompt resolution of registration matters by decreasing the number of days to process broker dealer agent applications

Baseline Year 2011-12	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
45	42	41	40	39	38

**OBJECTIVE 1E:** Provide excellent regulatory service to the stakeholders of the Division of Securities by ensuring prompt regulatory action

**OUTCOME 1E-1:** Take prompt action against those who violate the Securities law and undermine the public trust by increasing the number of enforcement actions

Baseline Year 2011-12	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
45	50	50	50	50	50

**OUTCOME 1E-2:** Take prompt action against those who violate the Securities law and undermine the public trust by increasing the amount of fines received

Baseline Year 2011-12	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
\$750,000	\$826,875	\$826,875	\$826,875	\$826,875	\$826,875

**OUTCOME 1E-3:** Prompt action against those who violate the law and undermine the public trust by increasing the number of meaningful sanctions imposed

Baseline Year 2011-12	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
22	25	26	27	28	29

**PRIORITY #2: Enforce compliance with State laws related to the financial industry**

**OBJECTIVE 2A:** Help Florida investors protect themselves by conducting examinations, investigations and enforcement cases pursuant to the Florida Securities & Investor Protection Act

**OUTCOME 2A-1:** The number of Securities examinations, investigations and enforcement cases resulting in the imposition of meaningful sanctions

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
22	25	26	27	28	29

**OUTCOME 2A-2:** The number of active, major Securities enforcement cases

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
25	29	30	31	32	33

**OBJECTIVE 2B:** 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 2B-1:** Percentage of investigations accepted by prosecutors or OFR legal counsel for enforcement action that result in action being taken

Baseline Year 2007-08	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
80%	84%	84%	85%	85%	85%

**OBJECTIVE 2C:** Improve efficiency of Finance examination program by decreasing the time to refer a priority examination to Legal Services

**OUTCOME 2C-1:** Average number of days to refer a Finance priority examination to Legal Services

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
43	40	38	36	36	36

**OBJECTIVE 2D:** Improve investigative efficiency by reducing the time required to prepare a legally sufficient case for potential enforcement action

**OUTCOME 2D-1:** Percentage of priority investigations accepted by prosecutors or OFR legal counsel for enforcement action within 12 months of case opening

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
60%	64%	64%	65%	65%	65%

**PRIORITY #3: Examine regulated companies and individuals**

**OBJECTIVE 3A:** Examine all state financial institutions within statutory timeframes

**OUTCOME 3A-1:** Percentage of state financial institutions examined within the last 18 and 36 months

Baseline Year Fiscal Year 2002-03	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
50%/100%	100%/100%	100%/100%	100%/100%	100%/100%	100%/100%

**OBJECTIVE 3B:** Provide fair, balanced and responsive service to Division of Financial Institutions' customers, the state chartered or licensed financial institutions

**OUTCOME 3B-1:** Percentage of financial institution surveys giving OFR's financial institution examination program a rating of 2 or better (1 highest, 5 lowest)

Baseline Year Fiscal Year 2002-03	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
77%	75%	75%	75%	75%	75%

**OBJECTIVE 3C:** Promote the Dual Banking System in Florida

**OUTCOME 3C-1:** Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better (1 highest, 5 lowest)

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
94%	85%	85%	85%	85%	85%

**OBJECTIVE 3D:** Examine companies and individuals regulated under the Florida Securities & Investor Protection Act to more effectively protect Florida investors

**OUTCOME 3D-1:** The number of complex Securities examinations completed

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
41	55	60	60	60	60

**OBJECTIVE 3E:** Improve service to Division of Finance consumers by providing an easy to use method of filing information with the agency

**OUTCOME 3E-1:** Total number of consumer complaints received by Finance staff

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
3500	3550	3600	3650	3650	3650

**OBJECTIVE 3F:** Examine all money services businesses (MSBs) within statutory timeframes

**OUTCOME 3F-1:** Percentage of statutorily required examinations completed

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 3G:** Improve the efficiency of the Finance examination process by reducing the number of days to complete a priority examination

**OUTCOME 3G-1:** Average number of days to complete a Finance priority examination

Baseline Year 2010-11	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
65	60	58	56	56	56

**OBJECTIVE 3H:** Improve efficiency of MSB examination program by providing examination results to licensed MSBs in a timely manner

**OUTCOME 3H-1:** Percentage of licensed check cashers and foreign currency exchangers receiving an examination report within 60 days of the conclusion of the onsite examination

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
75%	75%	75%	75%	75%	75%

**OUTCOME 3H-2:** Percentage of licensed money transmitters and payment instrument sellers receiving an examination report within 90 days of the conclusion of the onsite examination

Baseline Year 2009-10	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
90%	90%	90%	90%	90%	90%

**PRIORITY #4: Register or charter institutions, companies and individuals**

**OBJECTIVE 4A:** Provide fair, balanced and responsive licensing and chartering service to our customers, the state chartered or licensed financial institutions and applicants for new charters

**OUTCOME 4A-1:** Percentage of all applications, except applications for new charters, statutorily complete that are processed within 60 days and within 90 days

Baseline Year Fiscal Year 2002-03	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
67%/100%	67%/100%	67%/100%	67%/100%	67%/100%	67%/100%

**OUTCOME 4A-2:** Percentage of new banks opened in Florida during the fiscal year who chose a state charter

Baseline Year Fiscal Year 2002-03	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
67%	67%	67%	67%	67%	67%

**OBJECTIVE 4B:** Improve service to Securities applicants and registrants by processing submissions in a timely manner

**OUTCOME 4B-1:** Percentage of Securities registration applications processed within the Administrative Procedures Act

Baseline Year 2007-08	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 4C:** Improve service to Finance applicants and registrants by processing submissions in a timely manner

**OUTCOME 4C-1:** Percentage of Finance license applications processed within Administrative Procedures Act requirements

Baseline Year Fiscal Year 2008-09	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
100%	100%	100%	100%	100%	100%



## **LINKAGE TO GOVERNOR'S PRIORITIES**

The Office of Financial Regulation has closely linked its Legislative Budget Request to the first four of seven priorities identified by Governor Scott:

1. Accountability Budgeting
2. Reduce Government Spending
3. Regulatory Reform
4. Focus on Job Growth and Retention

The remaining priorities deal with universities, property taxes and elimination of the corporate income tax, which is not within the Office's jurisdiction.

# TRENDS AND CONDITIONS

## Florida's Economy

The OFR regulates a remarkably dynamic yet severely challenged financial industry. Many economic indicators continue to show distress:

- Existing home prices have been essentially flat since February 2009, with a slight upward drift.
- The median price for a single-family residence has been below the national average since 2008 and is now 20.6% below the national average.
- Florida remains number two in the nation in the number of foreclosures and third in the foreclosure rate.

There are also positive signs of recovery:

- Population growth is recovering
- State Gross Domestic Product (GDP) grew
- Florida's personal income grew
- Unemployment is improving
- Florida housing is generally improving

**Population growth** is Florida's primary engine of economic growth, fueling both employment and income growth.<sup>1</sup> The population growth hovered between 2.0% and 2.6% from the mid-1990s to 2006, before slowing and crossing into negative territory in 2009. Population growth is expected to remain relatively flat, averaging 1.2% between 2012 and 2015. However, growth is expected to recover in the future – averaging 1.4% between 2020 and 2025 with 85% of the growth coming from net migration. Through 2030, Florida's population is forecast to grow by almost 5.1 million, with 64.4% of the gains in the age 60 and over age group. This rate is different from the past; Florida's long term growth rate between 1970 and 1995 was over 3%.<sup>2</sup>

Florida's **State Gross Domestic Product** (GDP: all goods and services produced or exchanged in a state) outperformed the nation as a whole in nine of the past 11 years. For 2007 and 2008, Florida fell well below the national level (4.8% U.S. versus 2.8% Florida and 3.3% U.S. versus 0.3% Florida respectively).<sup>3</sup> Florida's growth turned positive in 2010 with a gain of 1.4%.<sup>4</sup>

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<sup>1</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, August 16, 2012. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_8-16-12.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-16-12.pdf)

<sup>2</sup> *Florida Economic Outlook*, The Florida Legislature, Legislative Office of Economic and Demographic Research, June 23, 2011. Available online at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_6-23-11.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_6-23-11.pdf)

<sup>3</sup> *Florida Economic Outlook*, The Florida Legislature, Legislative Office of Economic and Demographic Research, July 23, 2010. Available online at: [http://edr.state.fl.us/recentpresentations/Fl%20Economic%20Overview\\_7-23-10.pdf](http://edr.state.fl.us/recentpresentations/Fl%20Economic%20Overview_7-23-10.pdf)

<sup>4</sup> *Florida Economic Outlook*, July 27, 2011

**Personal income growth** is also used to gauge the health of an individual state. It is primarily related to changes in salaries and wages and the quarterly figures are particularly good for measuring short-term movements in the economy. Florida has exhibited positive quarterly growth in personal income since the fourth quarter of 2009. While the first quarter of 2012, Florida's person income grew 0.6%, it still lagged behind the national rate of 0.8%.<sup>5</sup>

The **unemployment** rate in Florida is improving, falling to 8.6% in June 2012 from 11.5% in July 2010. Florida remains above the national rate of 8.2%.<sup>6</sup> Florida's job growth during the two years since the official end of the Great Recession of 2007-2009 has been weak when compared to recoveries after the last two recessions (July 1990-March 1991 and March 2001-November 2001). In those recoveries, job gains accelerated in the third year. According to the Florida Council of Economic Advisors at Florida TaxWatch, while job growth is predicted to pick up during future periods, it is unlikely to advance as strongly as in the past two recessions. They predict that the collapse of the housing sector has left such a large surplus of homes either on the market or waiting for foreclosure that "it will be years before prices start to rise and construction returns to normal." In addition, there is a transition towards a smaller share of jobs in government as jobs move the private sector.<sup>7</sup>

Florida's growth rates are slowly returning to more typical levels; however, drags on growth rates are more persistent than in past recessions. The turnaround in Florida housing will be led by low home prices that begin to attract buyers and clear the clear the inventory, long-run sustainable demand caused by population growth and Florida's unique demographics and the aging of the baby-boom generation.<sup>8</sup>

The state and national economies remain in a state of flux, and Florida's improvement is highly dependent on the national one. For Florida, the major downside risk is the possibility of another U.S. or global recession. The upside possibilities include a strong resurgence of retirees moving to Florida, a better-than-expected global recovery and an increased flow of firms moving to Florida. Tourism will likely be the strongest sector to improve. However, that is also dependent on national economic growth and rising incomes overseas.<sup>9</sup>

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<sup>5</sup> *Florida: An Economic Overview*, August 16, 2012

<sup>6</sup> *Florida: An Economic Overview*, August 16, 2012

<sup>7</sup> *Economic Perspective*, From the Florida Council of Economic Advisors at Florida TaxWatch, August 2011

<sup>8</sup> *Florida Economic Outlook*, June 23, 2011

<sup>9</sup> *Economic Perspective*

## **Division of Financial Institutions**

### Economic Trends and the Impact on State-Chartered Financial Institutions

From 1996 to 2009, Florida led the nation in the number of new banks opened. However, the current recession has seen the pool of potential (and acceptable) new bank investors dry up. Little or no new bank application activity is anticipated until the economy recovers.

The United States' economy has been in a recession that is approaching five years in length, 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. Commercial real estate and credit card defaults also have affected the financial institution industry. These negative conditions continue to impact both the national and state economy and, ultimately, state financial institutions.

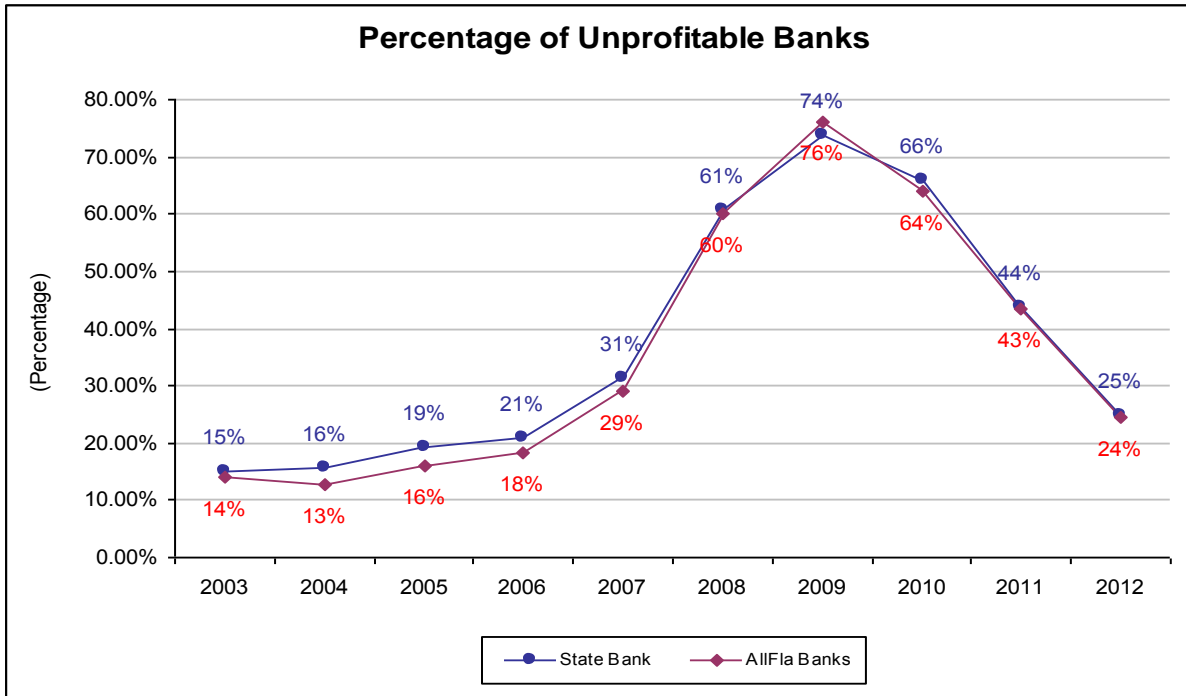
The financial institution industry in Florida has been dramatically impacted during this economic recession. Unemployment in Florida has exceeded the national average. Home values have declined dramatically throughout the state. As a variety of adjustable rate mortgage loans reset, many homeowners were "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 in Florida. Foreclosure rates appear to be deteriorating in Florida from the levels seen one year ago. As of June 2012, four Florida cities placed among the top 20 metro foreclosure rates in the country as compared to June 2011, when only one Florida city placed in this category.<sup>10</sup> The overall impact of the continuing high levels of foreclosures to state financial institutions has been a significant increase in delinquent or non-performing loans, resulting in the depletion of equity capital and unprecedented loss of income.

As the economic recession progressed in Florida, the Division of Financial Institutions (DFI) saw a decline in the overall condition of state financial institutions resulting in a significant percentage of state financial institutions under heightened supervision based on number and assets.

Improvement is evident in several key industry trends. For example, the percentage of unprofitable banks has decreased significantly from its peak in 2009.

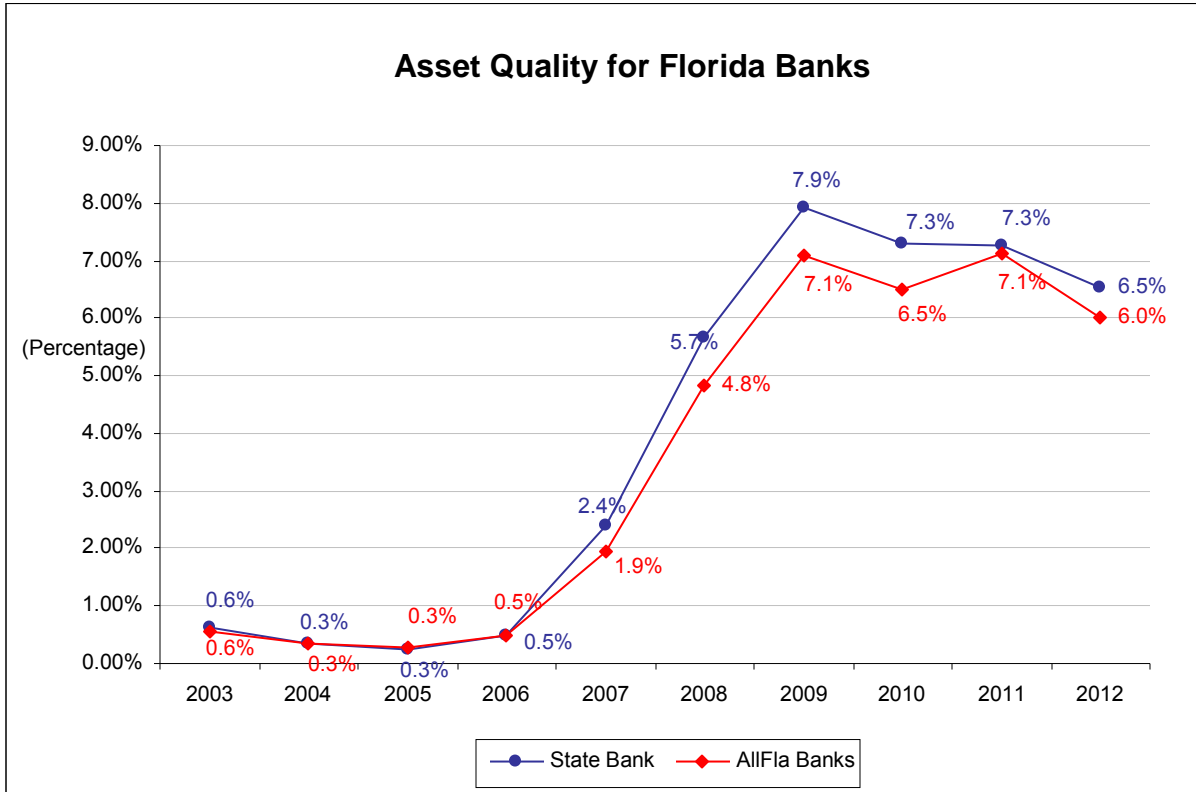
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<sup>10</sup> RealtyTrac: 59 Percent of U.S. Metros Post Higher Foreclosure Activity in First Half of 2012, July 24, 2012 <http://www.realtytrac.com/content/foreclosure-market-report/midyear-2012-metro-foreclosure-market-report-7305>

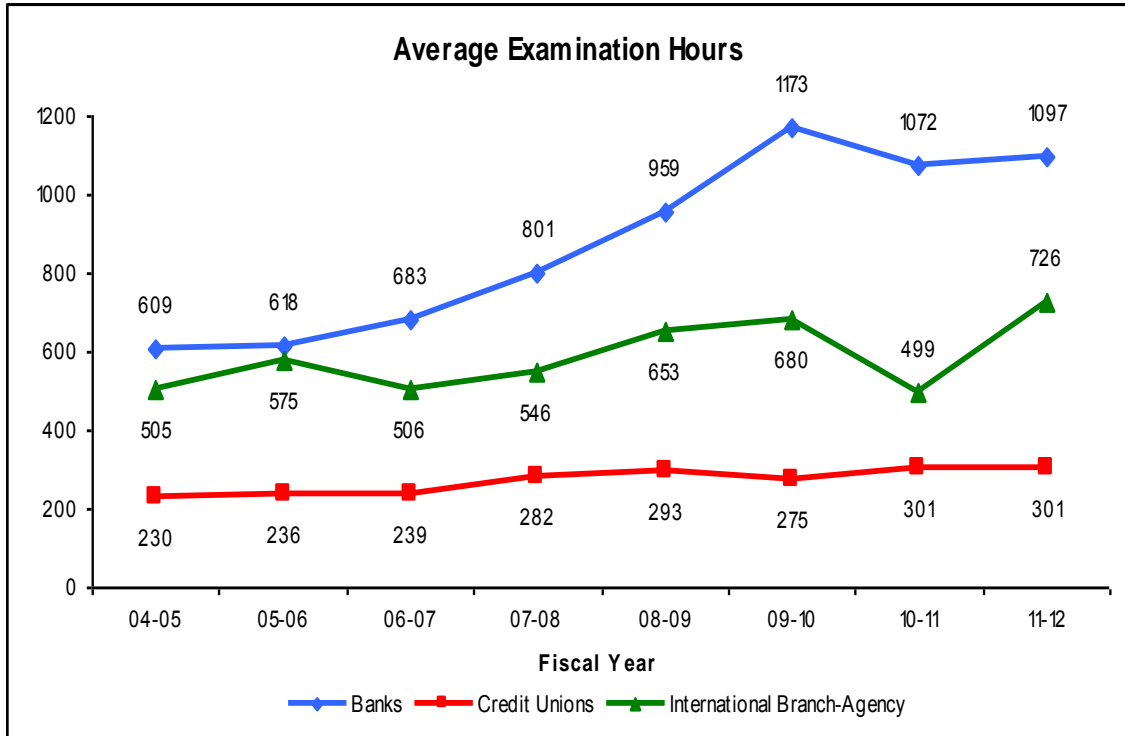


Although asset quality in state banks still reflects significantly high levels of delinquent loans, improvement was noted over the peak level seen in 2009.

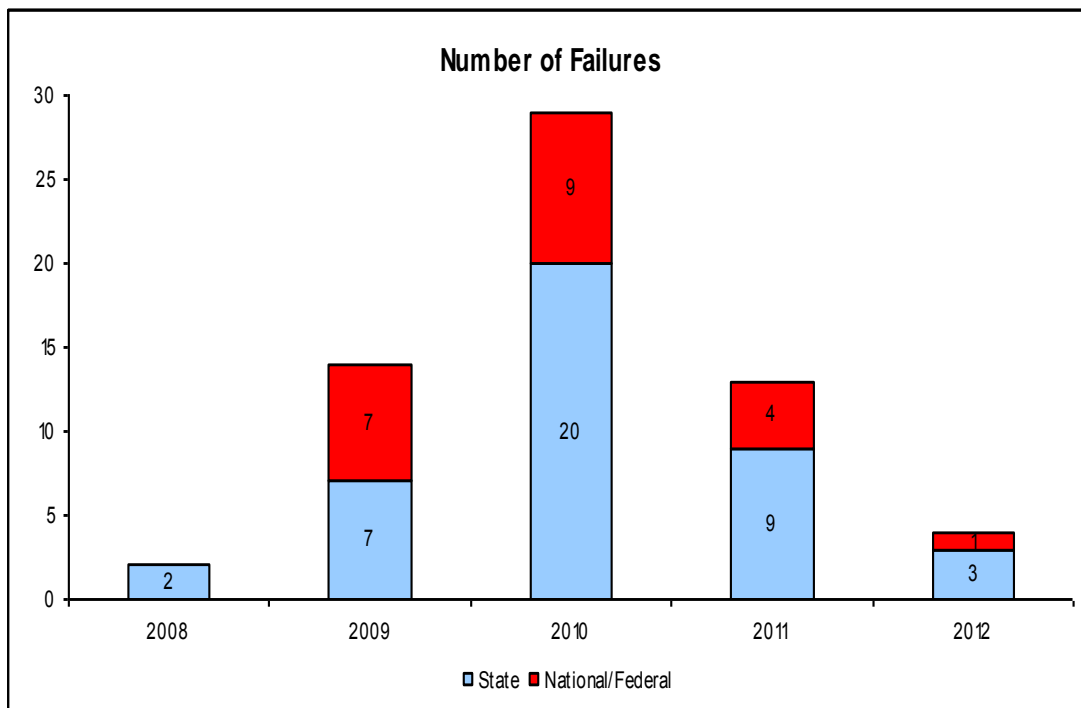
The ultimate outcome of the deterioration in Florida's financial institutions industry over the last four-and-a-half-years is an increase in the number of financial institution failures, particularly commercial banks. Calendar year 2010 was the peak year of failures in Florida with 29 state and national financial institutions lost to insolvency. While the number of failures seen in Florida has declined, some Florida's financial institutions remain under considerable stress.



The ongoing economic recession has impacted DFI's workload significantly since the downturn began. Examinations of troubled institutions must be performed more frequently than is required by the statutes. In addition, examinations are more complex and require more time to complete. Examination review in headquarters is also more time consuming because it is critical that the most appropriate corrective action is implemented on a troubled financial institution. These factors have impacted the average length of time required to complete an examination.



The chart below indicates the number of financial institution failures by calendar year in Florida through June 30, 2012:



### Financial Institution Regulation in the United States

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 in the United States 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 for 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.

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.

### Administrative Rules

The Division is currently in the process of cleaning up its administrative rules.



## Division of Securities

The mission of the Office's Division of Securities (Securities) is investor protection. The division administers and enforces compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). The Act is designed to help protect the investing public from unlawful securities activity while promoting the sound growth and development of Florida's economy.

The division accomplishes its mission through its Bureau of Registrations (Registrations) by registering securities firms and their employees to do business in, to or from the state of Florida. The Bureau of Enforcement (Enforcement) receives and processes consumer complaints regarding securities industry activities and participants. Enforcement conducts compliance and enforcement examinations and investigations of securities firms and their employees and develops enforcement actions brought by OFR for violations of the securities laws. Both bureaus engage in outreach to consumers and selected groups, such as the military and seniors, the securities industry and the Florida Bar.

### Enforcement

The Commissioner of OFR has broad authority to enforce the Act. Registrations recommends to the Commissioner whether to deny, suspend, revoke or restrict the registrations of firms and persons that apply for registration, or are currently registered under the Act. Through cases developed by Enforcement, the Commissioner may seek administrative remedies in the Division of Administrative Hearings or civil remedies in court including cease and desist orders, civil penalties, fines, restitution, disgorgement, rescission, freezing of assets or appointment of a receiver.

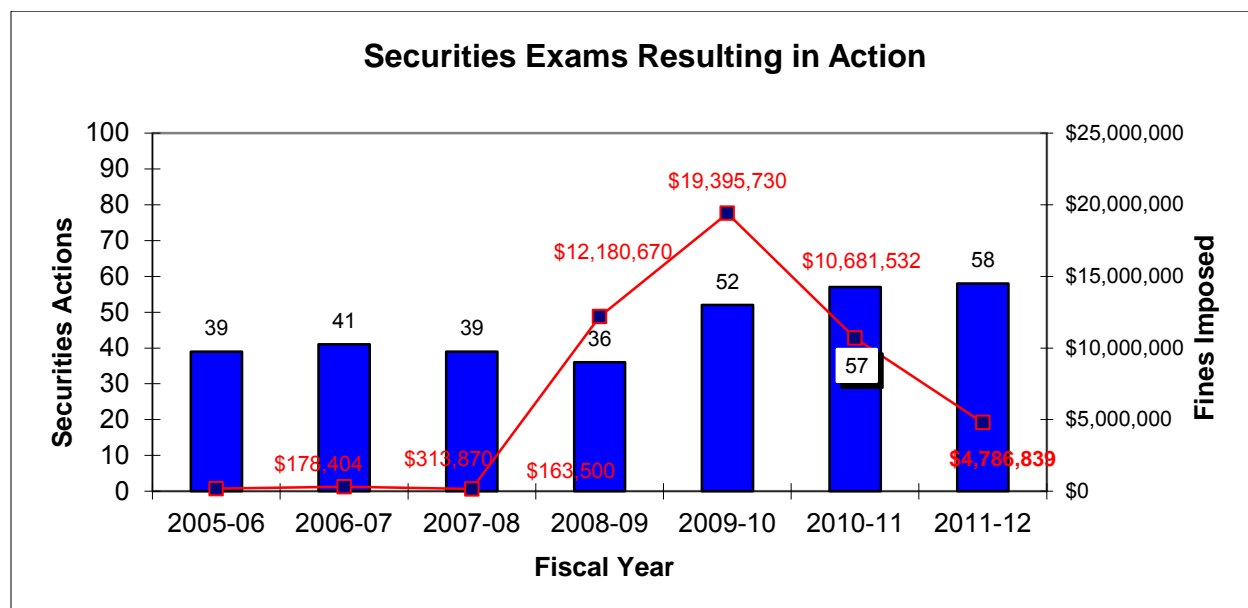
Enforcement works with OFR's Bureau of Financial Investigations regarding matters warranting criminal prosecution.

Civil, administrative or criminal violations of the Act can take many forms, but the most serious violations involve fraudulent conduct. Fraudulent conduct involves material misrepresentations or omissions by the perpetrator to prospective or actual investors which frequently result in substantial losses of money or property by the victims. In the securities realm, this often involves one or more sales practice abuses.

Registrations and Enforcement maintain close relationships with other states and Canadian securities regulators through the North American Securities Administrators Association (NASAA), the organization of U.S. state and Canadian provincial and territorial securities regulators; the U.S. Securities and Exchange Commission (SEC); self-regulatory organizations (SROs), e.g., the Financial Industry Regulatory Authority (FINRA), which regulates its securities broker dealer industry members; and state and local prosecutors and law enforcement. This results in case referrals, joint investigations and enforcement cases, which allow for leveraging of resources, taking advantage of the experience and expertise of each entity, and the ability to prosecute

larger, multi-jurisdictional cases. Referrals of matters to OFR affecting Florida investors also result from these close relationships.

Securities staff jointly investigated cases with the Office of the Attorney General pursuant to section 517.191, Florida Statutes, which provides the Attorney General with the authority to investigate and bring actions under the anti-fraud provisions of the Act. The division and the Attorney General are currently jointly investigating and prosecuting cases.



### Complaints

For Fiscal Year 2011-12, Enforcement received 362 complaints, 48 % of which involved fraudulent or unregistered activities. The Office encourages Florida investors and consumers to file complaints electronically through OFR’s website, [www.itsyourmoneyflorida.com](http://www.itsyourmoneyflorida.com), by calling the Office at 850-410-9500 or by writing OFR. The Office reviews all complaints received and determines whether there are violations of the Act which warrant taking action.

### Examinations

Enforcement conducts routine (risk-based) and for cause (enforcement) examinations of dealers, investment advisers and their associated persons located in Florida, to determine whether any person has violated or is about to violate the securities Act, or to aid in the enforcement of the securities law and rules. Enforcement does not require “cause” or grounds for legal action to examine a dealer or investment adviser, so firms registered with the division may be subject to an unannounced examination.

Risk-based examinations typically target registered firms and individuals whose disciplinary history shows a pattern of conduct warranting further examination.

Enforcement examinations involve more complex examinations than risk-based examinations. Enforcement examinations are commenced when: (1) there appears to be significant securities law violations (i.e., fraud or abusive sales practices) or significant investor losses; (2) the examinations are complex, require significant time and are resource intensive; or (3) there is a concern that customers have been, or will be, harmed, and regulatory or enforcement action may be appropriate.

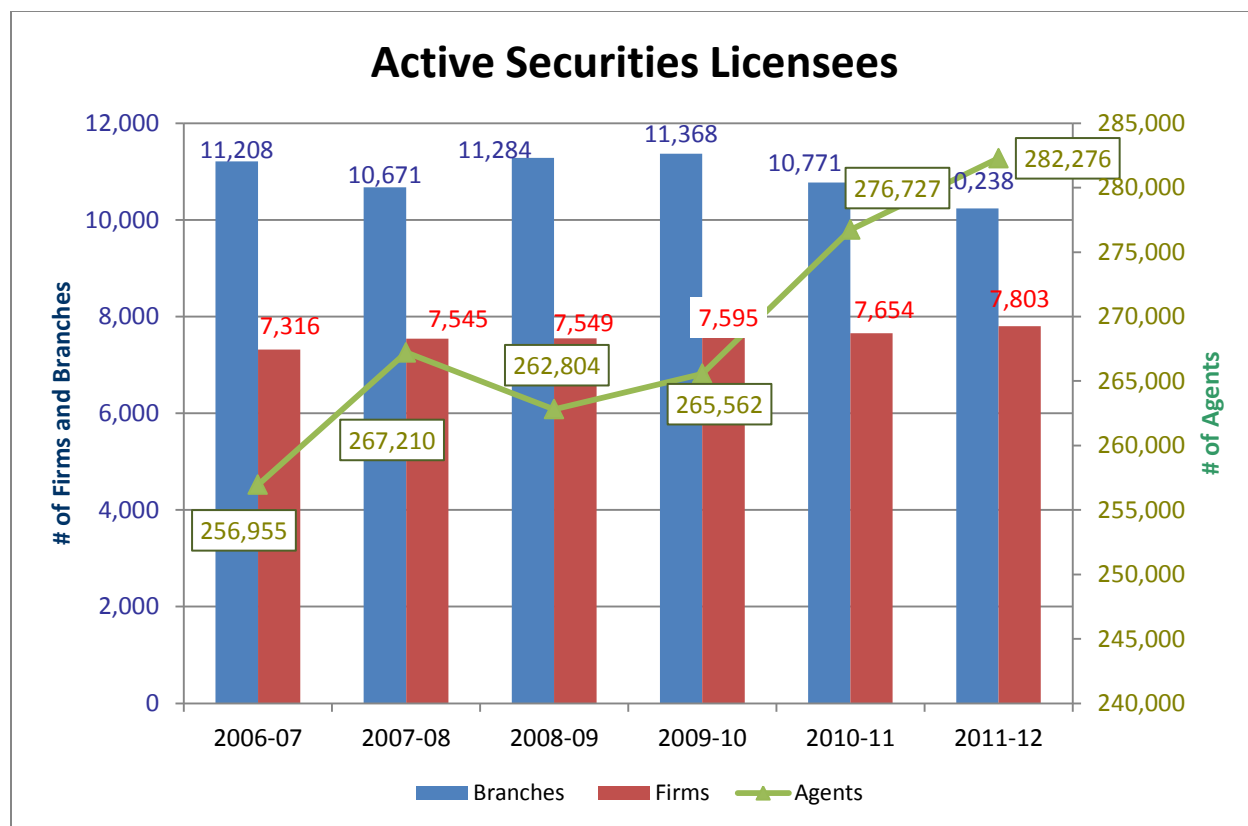
#### Early Detection Initiative

In addition to the Division's traditional approach to securities enforcement through risk-based examinations, enforcement examinations and customer complaints, the Division has employed a pro-active approach to securities examinations through an early surveillance program for identifying illegal securities activity. In cooperation with the Bureau of Financial Investigations, the Division has developed a plan which incorporates surveillance of the internet, news ads and media coverage to facilitate this objective.

#### Registration

As of June 30, 2012, the Office had 7,803 dealer and investment adviser firms, 10,238 branches and 282,276 individual associated persons actively registered. Florida ranks third in the nation in the number of registered dealers, investment advisers and their registered associated persons, and fourth in the number of registered branch offices. Registrations is responsible for the review of 13 different application types including dealers, investment advisers, branches and their employees, and with monitoring the activities of existing registrants.

By registering dealers (firms that buy and sell securities) and their sales persons (commonly known as stockbrokers, agents or associated persons), and by registering investment advisers (firms that manage money for a flat fee or a fee based on a percentage of the assets under management) and their employees (commonly known as investment adviser representatives, agents or associated persons) who conduct business in Florida, Registrations ensures that only applicants that meet the minimum registration requirements set by the Act and the rules are allowed to conduct business in Florida. In instances where the minimum qualifications are not met, denial of the application for registration, or restriction of the applicants' business activities upon registration, may be required, thus helping protect consumers.



Dealers, investment advisers, their associated persons and their branch offices that apply for registration are reviewed for any prior securities law violations and, once registered, are continually monitored for any actions in violation of the Act. Registrations analysts check the disciplinary history (including any criminal history) for the firms and individual applicants, and the educational and employment background for the individual applicants employed by the dealers and investment advisers.

With respect to firms and individuals already registered, Registrations is able to identify problems that require remedial or regulatory action. Regulatory action can include revocation, suspension or restriction of the right to do business in, to, or from Florida, which also protects consumers.

Applicants must disclose disciplinary events at the time of the initial application and registrants have a duty to report any updated disciplinary matters in a timely fashion. Registrations received more than 20,000 disciplinary updates on registrants in Fiscal Year 2011-12. All disciplinary updates are carefully reviewed to determine if there are legal grounds to take regulatory action.

Registrations participates in the Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) systems, which are national databases of dealers and investment advisers and their associated persons. CRD and IARD are jointly administered by NASAA and FINRA on behalf of OFR and the other state securities regulators. OFR registers securities dealers and associated persons doing

business in, to or from Florida, and FINRA registers its member dealers through the CRD. OFR registers smaller investment advisers and associated persons of all investment advisers doing business in Florida and the SEC registers larger investment adviser firms through the IARD.

#### Increased Investment Adviser Oversight by States Coming in 2012

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank) was enacted by Congress in 2010. Dodd-Frank partially restored state regulation in the investment adviser area, so that, effective July 21, 2011, the states became the sole regulator for investment advisers with up to \$100 million (from the current \$25 million) in assets under management doing business in, to or from their respective states. Investment advisers with more than \$100 million in assets under management will continue to be registered with the SEC. Prior to October 11, 1996, all investment advisers were dually registered with the state securities regulators and the SEC. Since 1996, the number of registered investment advisers has grown significantly because of the shift in the securities industry from the broker-dealer business model to the investment adviser business model. Broker/dealer firms have been migrating to the investment adviser business model to attract more customers by offering customers what is portrayed as a more “full service” approach to financial services.

In 2012, the division became the sole regulator of these mid-size investment adviser firms, as it already is for more than 1,100 state registered investment advisers doing business in Florida. Approximately 275 investment adviser firms have transferred to state registration from SEC registration, bringing the total registered in Florida to approximately 1,400 advisers. The Division has bolstered its examination program of state registered advisers to increase its oversight of the growing investment adviser population in Florida.

#### Staff Training

The Office conducts mission critical training for the Securities staff and provides opportunities for staff to participate in training sponsored by NASAA. The Division is developing a more formalized training regimen that includes the following: development of a new enforcement manual, participation in training programs developed by other regulators such as FINRA, updated procedures manuals for day-to-day activities, REAL training and on-the-job training.

#### Public Outreach

The Division of Securities engages in outreach to educate the public so they can protect themselves from fraud and other abuses perpetrated by unscrupulous firms and individuals. OFR encourages members of the public to contact Securities for assistance if they are approached by someone attempting to sell them securities or seeking to advise them about managing their money., If they have already lost their money or an

investment as a result of fraudulent conduct by someone in the securities arena, they are encouraged to contact Securities to file a complaint.

#### Legal and Compliance Outreach

Securities provides legal and compliance outreach to the securities industry and bar association. This encourages compliance with the Act by educating the securities industry and bar about the Act's requirements and the division's processes. This outreach is also a valuable source of securities industry input which sometimes leads to modification of industry or OFR processes for the mutual benefit of all stakeholders. Members of the securities industry and bar also refer problematic matters to the division.

Future outreach will be broadened to further sensitize local law enforcement personnel to securities issues and fraud. Since local law enforcement personnel typically do not handle securities fraud cases, awareness of how OFR can assist them will result in joint cooperation on matters, or referral of the matters to OFR's Division of Securities.

### **Division of Consumer Finance**

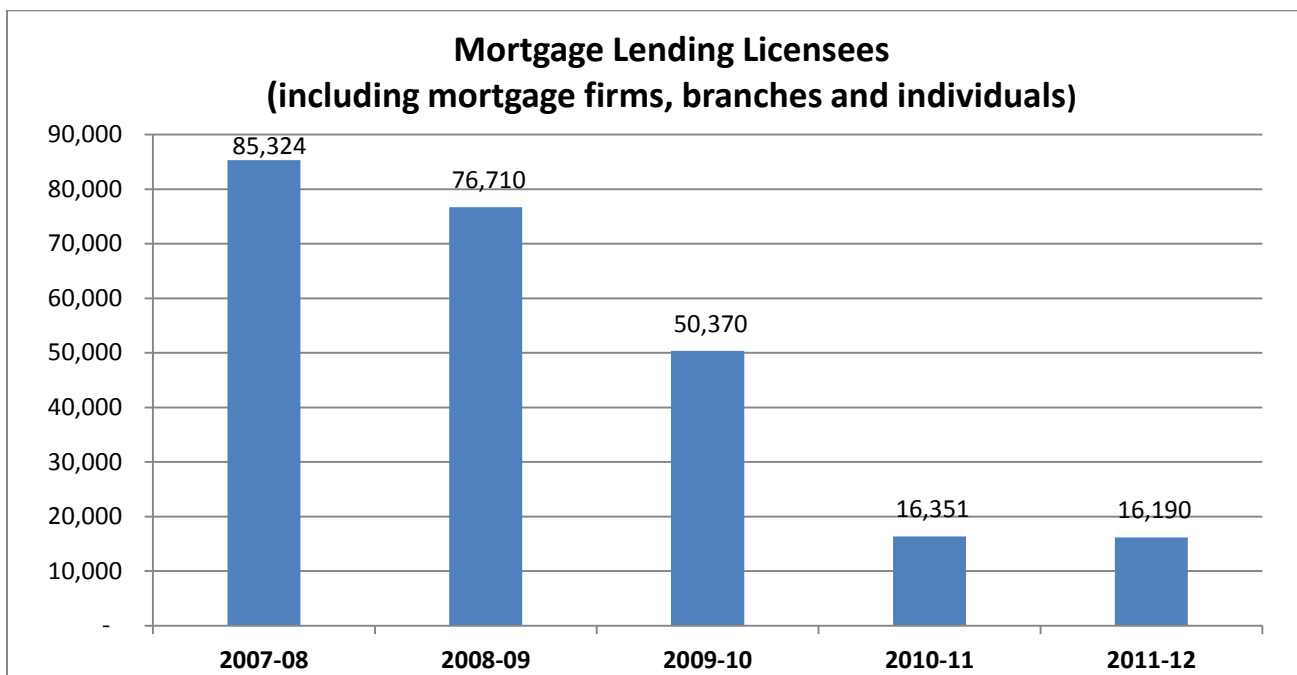
The Division of Consumer Finance ("Finance") regulates a diverse list of industries through authority granted to OFR under Chapters 494, 516, 520, 537, 559, and 560, Florida Statutes. These industries include mortgage loan origination, consumer finance lending, retail and installment financing, title loan lending, collection agencies and money services businesses including payday lending.

In the spring of 2012, the Division underwent a name change from its previous name, the Division of Finance, to its new name, the Division of Consumer Finance. The Division of Finance originally consisted of three bureaus: Regulatory Review, Finance Regulation, and Money Services Businesses. On July 1, 2012, the Bureaus of Finance Regulation and Money Services Businesses were combined into one remaining bureau, the Bureau of Enforcement ("Enforcement"). Merging the two bureaus was done to reduce duplicative processes and take advantage of streamlining staff resources. The Bureau of Regulatory Review was renamed to the Bureau of Registration ("Registration"). The overall staffing levels in the Division of Consumer Finance was reduced from 120 FTE's to 85 FTE's as of June 30, 2012.

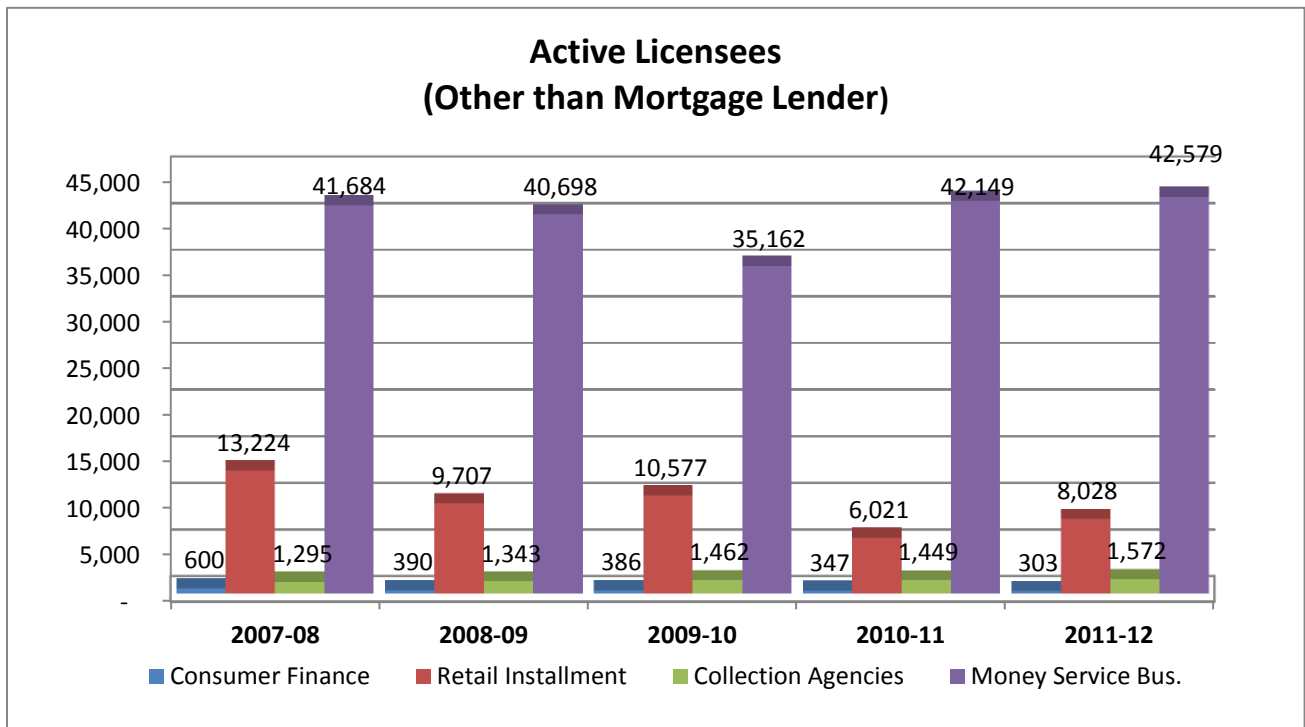
Florida's economic conditions over the past several years have continued to cause financial distress to all industries regulated by Consumer Finance and consequently have negatively impacted the division's revenues. With the collapse of the mortgage industry and the strain on industries that extend credit, Consumer Finance has seen a consistent drop in revenue over the past several fiscal years. Given the economic forecasts for the next year, there is no reason to anticipate there will be a dramatic turnaround.

The Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act), passed by Congress in 2008, was intended to prevent foreclosures, stabilize the declining housing market, reform government sponsored enterprises Fannie Mae and Freddie Mac, and establish minimum national licensing and oversight standards for mortgage brokers and loan originators. The S.A.F.E. Act attempted to eliminate persons with criminal backgrounds of misconduct relating to loan originations from the mortgage industry, and requires loan originators to meet minimum national professional standards to ensure they are competent and trustworthy.

The requirements of the S.A.F.E. Act were adopted through legislative changes effective October 1, 2010. The Division has completed the conversion of licensees and applicants to fully support the implementation of the S.A.F.E. Act.



The downturn of the economy has affected retail and automobile sales financing, resulting in a 75% decrease in the number of licensed retail sellers during the fiscal year 2010 -11. In an effort to ensure compliance with the licensing requirements for all retail sellers, the Division completed a sweep uncovering unlicensed activity beginning in fiscal year 2011-12. Before the sweep was started, the Division worked with the automobile industry by offering a six-month amnesty period for licensees who previously failed to timely renew their licenses. The unlicensed activity sweep by the Division resulted in a 33% increase in the number of active licenses as of June 30, 2012.



The Money Services Business (MSB) industry has remained relatively stable over the past three years with a slight increase in the total number of active licenses. While the traditional check cashing and funds transmission business models have experienced significant challenges over this time period, the emerging products and services being brought to market by the MSB industry have provided new avenues for growth in a down economy. These emerging products and services include internet transmissions, internet payment systems, digital currency providers, mobile payments, micro payments and stored value cards.

#### Bureau of Enforcement

The Bureau of Enforcement regulates the non-depository financial service industries under Chapter 494 (Loan Originators and Mortgage Lenders), Chapter 516 (Consumer Finance), Chapter 520 (Retail Installment Sales), Chapter 537 (Title Loans), Chapter 559 (Consumer and Commercial Collections), and Chapter 560 (Money Services Businesses) striving to protect consumers from unfair, fraudulent and deceptive financial activities. The bureau is authorized to conduct examinations, investigate consumer complaints, and impose administrative sanctions when appropriate. The bureau staff works cooperatively with other regulatory agencies in Florida and throughout the country to effectively regulate companies and individuals, and also conduct consumer and industry education programs.

The mission of the bureau is to help safeguard consumers from illegal or improper activities by focusing on fraudulent, unfair, or deceptive activities. These types of



activities are found during the review and investigation of consumer complaints received throughout the year. While not all complaints contain such activities, complaints are the primary source of information for staff to determine if further examination or investigation is necessary. During the Fiscal Year 2011-12, the bureau closed more than 4,100 consumer complaints. The largest volumes of complaints received are related to mortgage loan modifications and consumer collection issues.

Consumers seeking assistance on modifications on their delinquent loans are the subject matter of the highest volume of complaints received by the Bureau. This trend is expected to continue as the industry and economy move through the real estate crisis. The typical complaint from the consumer is an allegation of advanced fees with no result or the lack of response from their servicer.

Consumer and commercial collection issues are the second highest volume of complaints. As financial markets tighten and foreclosures continue to rise, debt collection tactics have become increasingly aggressive. Collection agency complaints were largely outside the bureau's authority to address due to statutory limitations until October 1, 2010. Amendments to the collection laws now provide meaningful enforcement authority over the collection industry, and the bureau is addressing unlawful activity in order to reduce consumer abuses. The Bureau has and is focusing enforcement activity in this area with the intent to address unlawful activity and consumer abuses.

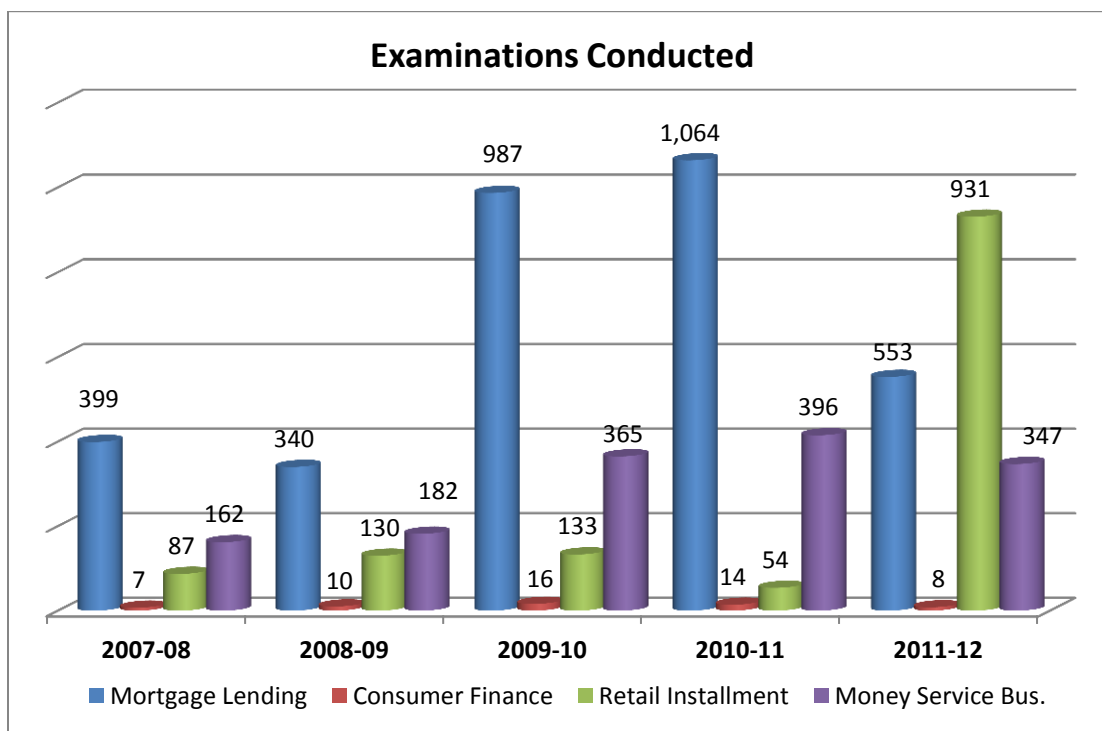
#### Bureau of Enforcement Initiatives

The Bureau will focus its resources on enforcement matters that have the greatest overall impact in protecting the citizens of Florida.

The volume of complaints investigated by Enforcement has continued to remain at high levels, and previously led to the introduction of a Case Priority System for enforcement examinations. The Enforcement staff works closely with agency attorneys to focus its resources on enforcement matters that have the greatest overall impact on protecting Floridians based on the case priority evaluation. The "priority" may be short term, or last for a year or more. Priority status is accorded to investigations and examinations that display one or more of the following criteria:

- The subject matter is an OFR or current division priority
- Egregiousness of conduct, including the length of time the conduct has occurred and whether recidivism was involved
- The impact or potential impact to Florida citizens (large number of victims, high dollar losses, or vulnerability of victims)
- Involvement of licensees or registrants
- Alleged illegal act is ongoing

Based on the Case Priority evaluation reviews, examinations conducted annually by Enforcement staff have risen significantly. Case priority guidelines provide for examinations that are issue specific.



As a result of the Case Priority System, Enforcement has taken a more proactive approach which has resulted in a total of 464 administrative actions. Once issues are identified, managers work with agency attorneys to develop guidelines for the examinations. Examinations are then conducted in select regions to validate the process, and upon satisfactory review by management and legal staff, examinations will begin state-wide or in the appropriate regions. An additional benefit of the Case Priority System is that staff attorneys work with examiners at the onset to identify the types and quantity of evidence necessary to prosecute the matter. This results in more cases meeting the burden of proof, and timely resolution by agency attorneys.

The Office is a member of the Multi-State Mortgage Committee (MMC), formed by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) under the Nationwide Cooperative Protocol and Agreement for Mortgage Supervision. The MMC serves as a coordinator and facilitator for examination of entities licensed in multiple jurisdictions. Since the inception of the MMC in 2009, Enforcement has participated in ten multi-state examinations; one as lead state, and the remainder as a concurrent state. The Office participated in the nationwide servicing settlement with the big 5 financial institutions due to its participation in the multi-state examination of GMAC Mortgage, a subsidiary of Ally Financial. The resulting settlement implemented the first nationwide servicing standards and significant restitution to the consumers of Florida.

CSBS/AARMR has implemented an electronic method to transfer examination data from licensees to regulators. The process in the future will become central to the multi-state examination process. The electronic examination method has been field tested, and is under review by other participating states and the bureau management.

Enforcement maintains staff in four regional offices and Tallahassee. Management continues to refine its processes to minimize costs and maximize the effectiveness of its resources in an effort to continue to effectively regulate the non-depository lending and collection industries within its purview. During the past fiscal year, Enforcement's actions resulted in 464 final orders, 78 license revocations and more than \$1.3 million in fines assessed.

Under Chapter 560, Florida Statutes, Enforcement, regulates money services businesses (MSBs), which include check cashers, money transmitters, payment instrument issuers, foreign currency exchangers and deferred presentment providers (payday lenders) by examining these entities for compliance with applicable statutes and rules. The staff conducted 347 examinations during Fiscal Year 2011-12, with total fines assessed of \$461,000.

Florida Statutes require examinations to be conducted at least once every five years for every licensee. The entities classified as MSBs are diverse, ranging from single store check cashing firms to multinational Fortune 500 companies. As of June 30, 2012, there were 1,300 licensed entities conducting business at more than 41,000 locations across Florida.

The MSB industry has introduced a number of new financial products and services over the past decade including internet transmissions, internet payment systems, digital currency providers, mobile payments, micro payments, and stored value cards. While the traditional check cashing and funds transmission business models have experienced significant challenges over the past three years, the emerging products have continued to build momentum managing to grow, even in a down economy.

Passage of the Dodd-Frank act will have a substantial impact to the regulation of MSBs. The legislation provides supervisory authority to the newly created Consumer Financial Protection Bureau (CFPB). This new agency will be the first federal agency to have direct supervisory authority over the MSB industry. While the effects on state regulation will not be known for some time, it is clear that there will be federal regulators involved in this area of regulation going forward. Deferred Presentment (a/k/a payday lending) appears to be an initial focus of the new agency and its rulemaking efforts.

#### MSB Regulatory Initiatives

As part of an ongoing effort to leverage available internal resources, OFR is conducting examinations of large national and regional money transmitters with other state regulatory agencies as part of the MSB Multi-State Joint Examination Initiative. The examination of these entities is a complex and resource intensive undertaking. It is

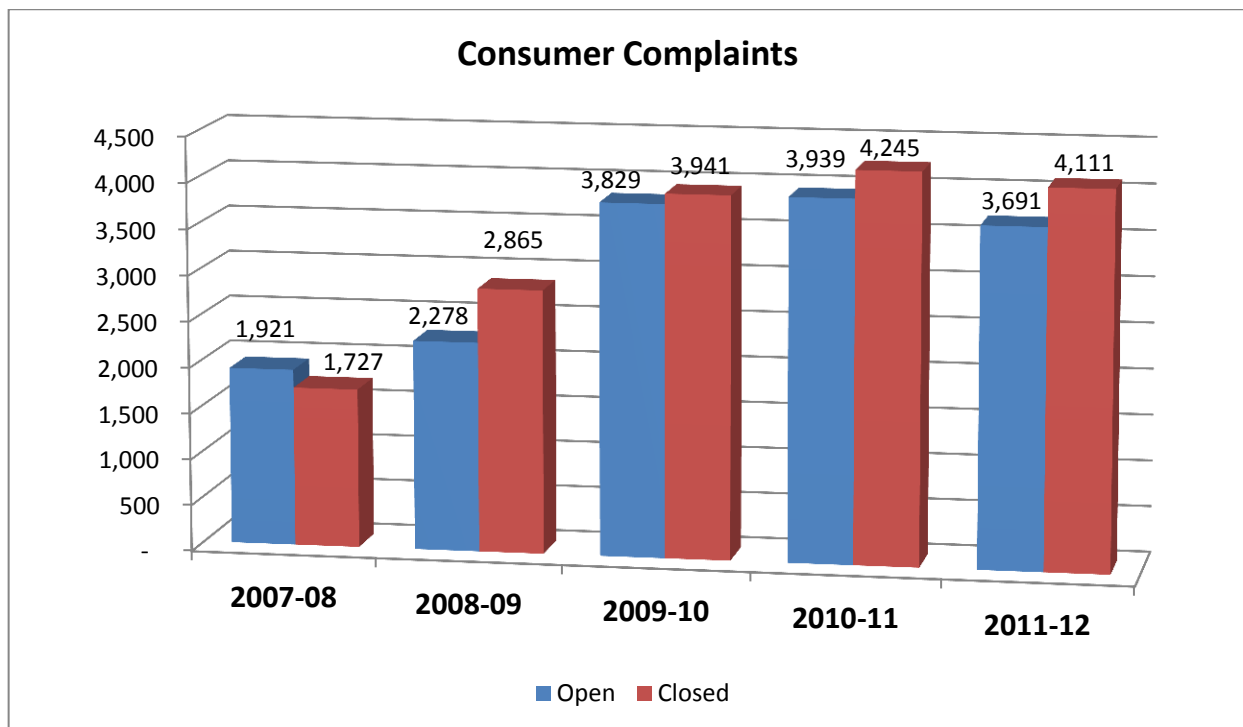
estimated the leveraging of multiple states to complete this work will reduce the costs of these examinations by as much as 75%.

OFR has formed a working partnership with members of the Department of Financial Services (DFS) Division of Insurance Fraud (DIF) to coordinate efforts to halt the efforts of criminal enterprises conducting worker's compensation fraud. The partnership is in the early stages but has already resulted in multiple arrests with more forthcoming.

### Consumer Complaints

Today, the Internet and media sources provide greater access to financial information for consumers, in addition to providing significant potential for fraudulent activities. Consumers file complaints with Enforcement through OFR's website ([www.flofr.com](http://www.flofr.com)) or in writing. Complaints are processed by a core group of three staff members who provide assistance to consumers or referrals to appropriate agencies. Initial assessment of the complaints identifies priority issues to be referred to the regional staff to initiate an examination to stop the abusive practices or where suspected violations may be evident.

During Fiscal Year 2011-12, Enforcement completed more than 4,100 complaint investigations. Of the mortgage-related complaint investigations that were completed, 891 dealt with loan modification entities. These numbers are a reflection of the current economic trends with a large number of foreclosures in Florida, as well as large amounts of unpaid debt incurred by consumers.



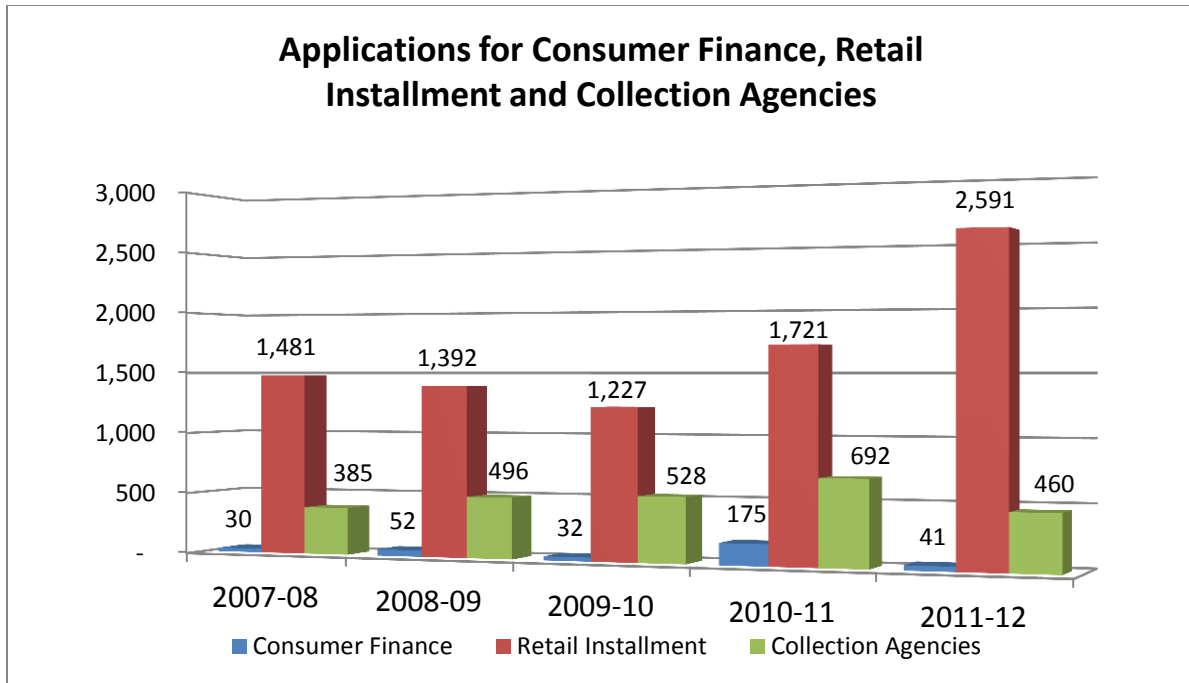
The current market conditions of tight consumer credit and high unemployment has caused the volume of consumer complaints received to remain at a high volume for the last three fiscal years. Over 1,800 of the complaints received were related to mortgage industry. These consumer complaints consist of issues relating to loan modifications being handled by third party companies, loan modifications being handled by the consumer's loan servicer, and general servicing issues such as forced placed insurance and misapplication of mortgage payments. These complaints mirror what is being reported in the news on a weekly basis regarding the foreclosure process on homes by large corporate servicers.

Just as the current market conditions have contributed to adverse outcomes for homeowners, the same market conditions have contributed to borrowers becoming delinquent on the payment of other debts. This has resulted in an increase in the number of debt collection calls made to borrowers and an increase in the number of consumer collection complaints. Complaints about the collection of consumer debts now account for the second largest volume of consumer complaints with 1,184 investigated during the past fiscal year. These consumer complaints consist of issues related to the validation of debt and harassment tactics by the debt collectors.

### Bureau of Registration

The Bureau of Registration (Registration) processes all license, compliance and renewal filings for 19 different license types and ensures that only individuals and businesses that meet the standards for licensure are allowed to conduct business in Florida. Registration processed over 15,067 applications for licensure during Fiscal Year 2011-12, approved 18,344 new licenses, denied 2,495 applications and revoked 78 licenses.

Registration is required to review and process all license applications in accordance with the Administrative Procedures Act, Chapter 120, Florida Statutes (APA). The APA mandates that Registration review all license applications within 30 days of receipt and notify the applicant of any deficiencies in the application. Once an applicant satisfies all statutory requirements to obtain a license, a final determination to approve or deny the application must be made within 90 days. During Fiscal Year 2011-12, Registration processed 100% of license applications in compliance with the APA.



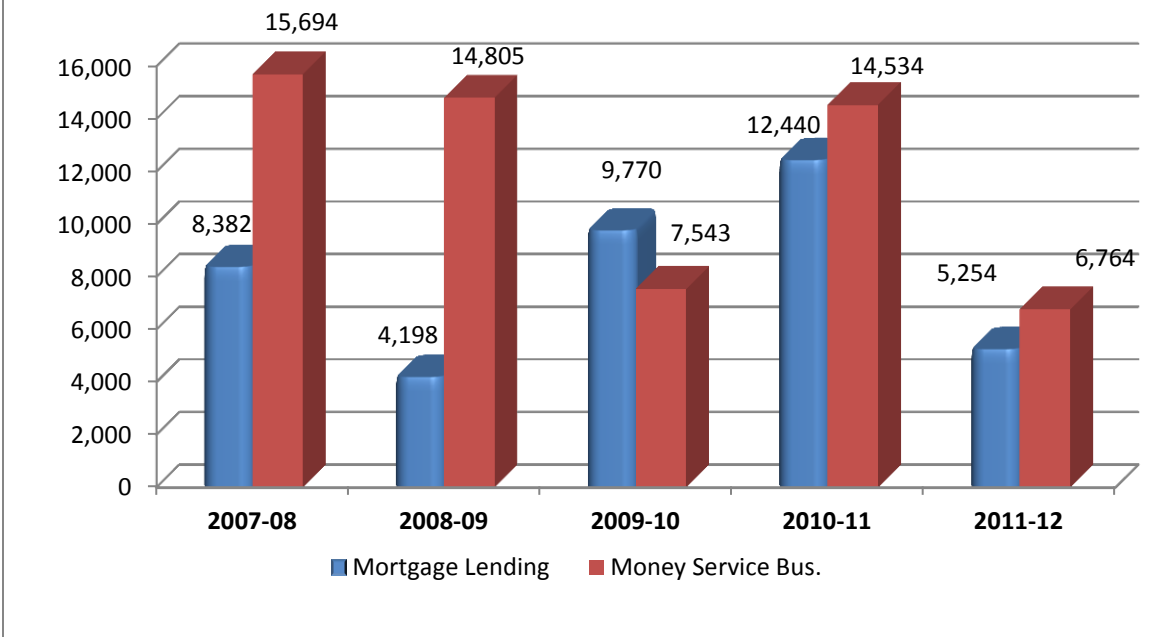
Each statute requires licensees to submit timely and accurate amendments with regulatory, criminal, civil or financial disclosures so OFR can ensure licensees continue to meet minimum standards for licensure.

Although economic conditions coupled with increased regulatory requirements impacting the mortgage industry caused drastic decreases in the number of license applications, the effort required to process and review applications has increased.

Registration began participating in the Nationwide Mortgage Licensing System (NMLS) on October 1, 2010. All mortgage license applications, amendments and renewal filings must be filed through NMLS and processed in the Regulatory Enforcement and Licensing (REAL) System by OFR. The NMLS is used nationally by all states and facilitates information sharing with other regulators.

Beginning in 2011, mortgage industry licensees were required to file renewal requests annually through NMLS. Registration is required to conduct a follow up review of criminal background and credit report information for individual loan originators and control persons of companies once a year. Failure by the licensee to continue meet minimum standards for licensure will result in the denial of the renewal request. In 2012, Registration completed the initial conversion of mortgage licenses as well as the initial renewal period. Registration worked to streamline processes and procedures to facilitate timely processing of both initial and renewal filings. In FY 2011-12 the bureau approved 12,568 renewal applications; denied 70 renewal applications and accepted the withdrawal of 35 renewal applications.

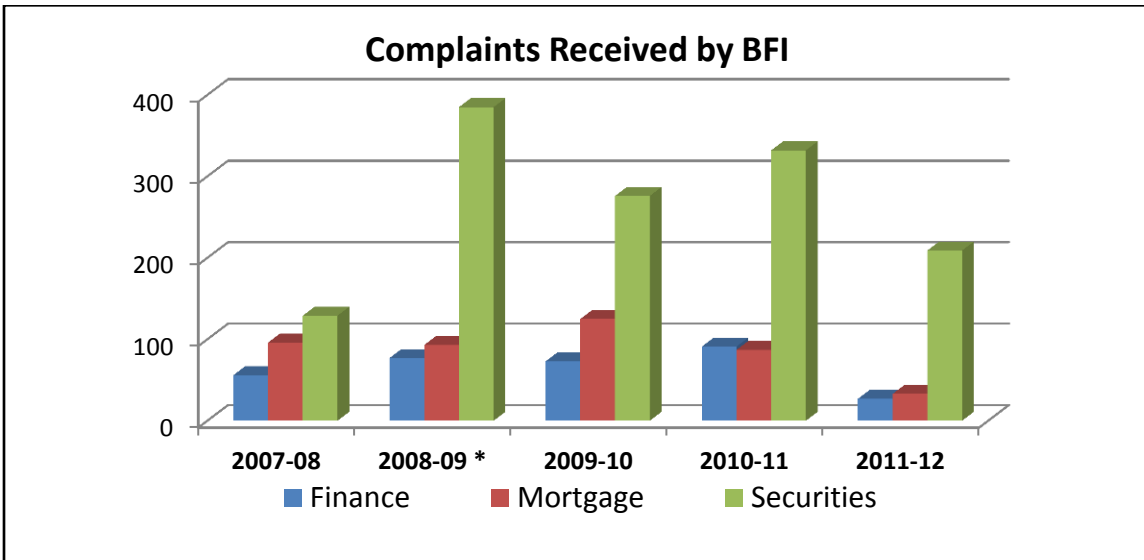
### Applications for Mortgage Lending and MSB's



### Bureau of Financial Investigations

Most investigations originate from consumer complaints, referrals from other agencies, and coordination with law enforcement. BFI also works with staff from the Divisions of Securities, Consumer Finance and Financial Institutions to enforce the securities, consumer finance and banking laws.

### Complaints Received by BFI



\* 2008-09 includes approximately 200 complaints against a single entity.

### Mortgage and Advance Fee Fraud

While BFI continues to work mortgage fraud cases, the pace at which new cases are being opened has slowed substantially. BFI believes that this is primarily due to fewer mortgage loans being originated and increased lender diligence in the lending process.

High unemployment and tightened credit markets continue to create an environment where opportunities for advance fee frauds flourish. These cases are challenging for BFI as the lender taking the advance fee is typically not located in Florida and the complainant's funds are often wired outside the United States.

Based upon current caseload and continuing allegations of mortgage and advance fee fraud, it is anticipated that approximately 20% of investigative resources will be dedicated to these cases over the near term.

### Securities Fraud

BFI is concerned that historically low interest rates will tempt investors to chase higher yields by investing in unregistered, non-traditional investment opportunities that are often fraudulent. Allegations of fraud involving unregistered securities continue to be prevalent and new Ponzi schemes are being uncovered.

BFI is also aware of a number of unregistered "boiler rooms" operating primarily in South Florida. Boiler rooms selling precious metals and other fraudulent investments are easy to set up and equally easy to move once identified. As these fraudulent schemes often victimize out-of-state or international investors, local prosecutors are less inclined to accept these cases. BFI continues to work closely with other regulators and state and federal law enforcement in an attempt to rein in this illegal activity.

It is estimated that in the upcoming year, approximately 80% of investigative resources will be dedicated to securities fraud investigations.

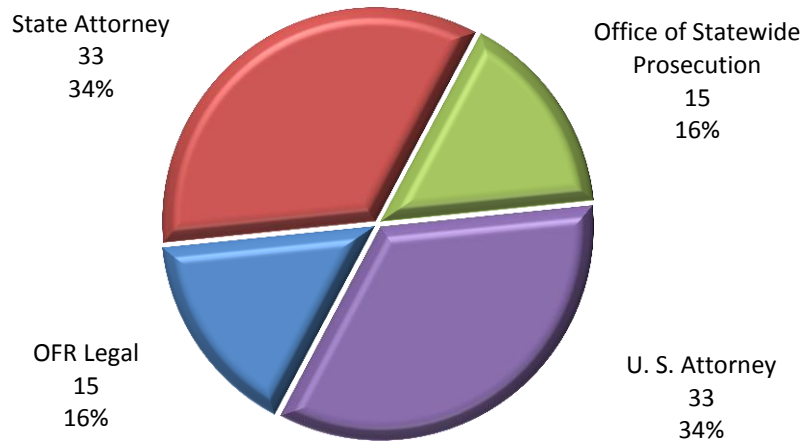
### Caseload

As of July 2012, BFI had 201 open cases. These investigations involve approximately 11,589 consumers and more than \$1 billion dollars. The average investigator's caseload is about nine cases.

When an investigation substantiates a violation(s), the case is presented for criminal prosecution and/or to the OFR attorneys for administrative or civil enforcement. Historically, approximately 80% of investigations accepted for enforcement result in criminal, civil and/or administrative action.



### 96 Cases Accepted for Enforcement Action as of 7/1/2012



During Fiscal Year 2011-12, BFI closed 343 cases, including 58 investigations where enforcement action was taken. These cases resulted in 13 administrative actions, three civil actions and 50 criminal actions. As a result of investigative work performed by the Bureau, 54 criminal defendants were sentenced to a total of 125 years imprisonment and 289 years of probation.

#### Challenges

BFI has embraced an OFR initiative to better analyze and prioritize its workload. Minimal investigate resources are now committed to issues of lower importance, or where a meaningful enforcement action is unlikely. Those low priority matters are now closed early in the investigative process. This allows BFI to better focus its resources on investigations of greater impact and importance while reducing its overall caseload.

# **Performance Measures and Standards – LRPP Exhibit II**

## 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: Safety and Soundness of State Banking System</b>	Code: 43900530			
<b>Approved Performance Measure for FY 2012-13</b>	<b>Approved Prior Year Standard FY 2011-12</b>	<b>Prior Year Actual FY 2011-12</b>	<b>Approved Standard for FY 2012-13</b>	<b>Requested Standard for FY 2013-14</b>
<i><b>Primary Service Outcome</b></i> - Percentage of applications for new Florida financial institutions that seek state charters	67%	n/a	67%	67%
<i><b>Delete Measure</b></i> - 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%	75%	90%	Delete
<i><b>Delete Measure</b></i> - Percentage of credit unions receiving an examination report within 30 days after the conclusion of their onsite state examination	90%	84%	90%	Delete
<i><b>Delete Measure</b></i> - Percentage of de novo applications statutorily complete that are processed within a standard number of 90 days	67%	n/a	67%	Delete
<i><b>Delete Measure</b></i> - Number of domestic financial institutions regulated	316	238	316	Delete
<i><b>Delete Measure</b></i> - Number of international financial institutions regulated	53	32	53	Delete
<i><b>New Measure</b></i> - Percentage of all applications, except new charter applications, deemed statutorily complete that are processed within 60 days, and within 90 days.	67%/100%	88%/100%	67%/100%	67%/100%
<i><b>New Measure</b></i> - Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better	85%	96%	85%	85%

Percentage of surveys returned that rate the Division's examination program as satisfactory or above	75%	77%	75%	75%
--	-----	-----	-----	-----

<b>Service/Budget Entity: Financial Investigations</b>	Code: 43900540			
<b>Approved Performance Measure for FY 2012-13</b>	<b>Approved Prior Year Standard FY 2011-12</b>	<b>Prior Year Actual FY 2011-12</b>	<b>Approved Standard for FY 2012-13</b>	<b>Requested Standard for FY 2013-14</b>
<b>Primary Service Outcome</b> - Percentage of <del>investigative case referrals</del> investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken	80%	95%	80%	80%
<b>Request New Standard</b> - Number of financial investigations closed	300	343	300	175
<b>Delete Measure</b> - <del>Percentage of documented violations that were referred for action</del>	95%	99%	95%	Delete
<b>New Measure</b> - Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening	60%	71%	60%	60%

<b>Service/Budget Entity: Executive Direction</b>	Code: 43900550			
<b>Approved Performance Measure for FY 2012-13</b>	<b>Approved Prior Year Standard FY 2011-12</b>	<b>Prior Year Actual FY 2011-12</b>	<b>Approved Standard for FY 2012-13</b>	<b>Requested Standard for FY 2013-14</b>
<b>Primary Service Outcome</b> - Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs	less than 3%	12.65%	less than 3%	less than 10%
Program administration costs (including Office of Legal Services) as a percentage of total program costs	less than 12%	14.05%	less than 12%	less than 10%

Program administration positions (including Office of Legal Services) as a percentage of total program positions.	less than 12%	7.76%	less than 12%	less than 10%
Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions	less than 3%	2.74%	less than 3%	less than 3%

<b>Service/Budget Entity: Finance Regulation</b>	Code: 43900560			
<b>Approved Performance Measure for FY 2012-13</b>	<b>Approved Prior Year Standard FY 2011-12</b>	<b>Prior Year Actual FY 2011-12</b>	<b>Approved Standard for FY 2012-13</b>	<b>Requested Standard for FY 2013-14</b>
<b>Finance Examinations</b>				
<del><b>Delete Measure - Percentage of licensees examined where agency action is taken</b></del>	75%	9%	75%	Delete
<del><b>Delete Measure - Percentage of licensees examined on a for-cause basis where action is taken for violations</b></del>	75%	23%	75%	Delete
<del><b>Delete Measure - Percentage of licensees examined on a routine basis where action is taken for violations</b></del>	75%	46%	75%	Delete
<del><b>Delete Measure - Number of for-cause examinations completed</b></del>	206	1368	206	Delete
<del><b>Delete Measure - Number of routine examinations completed</b></del>	197	334	197	Delete
<b>New Measure - Average number of days to refer a priority examination to Legal Services</b>	43	37	43	43
<b>New Measure - Average number of days to conclude a priority examination</b>	65	67	65	65
<b>New Measure - Total number of consumer complaints that are opened by OFR staff</b>	3500	3691	3500	3500
<b>Money Service Businesses Regulation</b>				
<b>New Measure - Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination</b>	75%	71%	75%	75%

<b><u>New Measure</u></b> - Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination	90%	77%	90%	90%
<b>Finance Licensing</b>				
<b>Primary Service Outcome</b> - Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
<b>Delete Measure</b> - Percentage of filing requests processed within a designated standard number of days	90%	56	90%	Delete
<b>Delete Measure</b> - Number of formal actions taken as a result of licensing substantive review process	125	324	125	Delete

<b>Service/Budget Entity: Securities Regulation</b>	Code: 43900570			
<b>Approved Performance Measure for FY 2012-13</b>	<b>Approved Prior Year Standard FY 2011-12</b>	<b>Prior Year Actual FY 2011-12</b>	<b>Approved Standard for FY 2012-13</b>	<b>Requested Standard for FY 2013-14</b>
<b>Securities Examinations</b>				
<b>Delete Measure</b> - Percentage of enforcement examination referrals that result in enforcement action	75%	70%	75%	Delete
<b>Delete Measure</b> - Percentage of compliance examinations resulting in action	30%	34%	30%	Delete
<b>Delete Measure</b> - Number of compliance examinations completed	130	140	130	Delete
<b>Delete Measure</b> - Percentage of compliance examinations closed or referred to the Office of Legal Services, or referred to enforcement examination within 180 days	75%	90%	75%	Delete
<b>Delete Measure</b> - Percentage of consumer complaints closed or referred to a compliance or enforcement examination within 180 days	90%	84%	90%	Delete

<b><i>New Measure - Primary Service Outcome</i></b> - <u>Number of examinations, investigations and enforcement cases resulting in imposition of substantial sanctions</u>	40	37	50	24
<b><i>New Measure</i></b> - <u>Number of active major enforcement cases</u>	35	22	40	24
<b><i>New Measure</i></b> - <u>Number of complex securities examinations completed</u>	55	88	65	55
<b>Securities Licensing</b>				
<b><i>Primary Service Outcome</i></b> - Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
<b><i>Delete Measure</i></b> - <del>Percentage of applicants not granted registration in the securities industry in Florida who subsequently are the subject of additional regulatory disclosure</del>	45%	24%	45%	Delete
<b><i>Delete Measure</i></b> - <del>Percentage of filing requests processed within a designated standard number of days</del>	90%	92%	90%	Delete
<b><i>Delete Measure</i></b> - <del>Number of actions taken as a result of licensing substantive review process</del>	75	34%	75	Delete

**Assessment of Performance for  
Approved Performance Measures –  
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 new Florida financial institutions that seek state charters

**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%	NA	NA	NA

**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 checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |  |

**Explanation:** No new banks were opened in Florida in FY 11-12. De novo activity has come to a halt due to the depressed economic conditions in Florida and the United States. Activity is not expected to resume until an economic recovery is underway.

**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 2012*

## 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 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%	-17%

**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:** During the current recession, the Division has lost experienced professional regulatory staff due to retirements and to higher paying positions with federal regulatory agencies and has had to fill vacancies with inexperienced trainees. More complex regulatory examinations of troubled institutions have resulted in significantly longer timeframes to complete, analyze and process examinations.

**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 Mission of the Office is: *Protecting the citizens of Florida by carrying out the banking, securities and financial laws of the state efficiently and effectively and providing regulation of business that promotes the sound growth and development of Florida's economy.*

The ongoing economic conditions have caused bank examinations to be more complex and therefore require significantly more time to complete, analyze and process. It is imperative that the Division take all necessary time to review each examination to make

sure that any corrective action, if deemed necessary based on findings of the examination, is set in place and is appropriate. Timely transmission of a completed examination is and should be an internal goal of the Division. In fact, the ability of the Division to timely disseminate completed examination reports to state financial institutions may be one of many factors in the chartering decision of new bank applicants and existing institutions considering conversion to a state charter. However, the Division should not have a specific time frame imposed that could potentially impact its ability to protect the citizens of Florida by rushing to transmit examinations in order to meet an artificial deadline.

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

- Training  
 Personnel

- Technology  
 Other (Identify)

**Recommendations:** The Division recommends that this measure be deleted as it does not adequately address the mission and goals of the Division.

*Office of Policy and Budget – July 2012*

## 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 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%	84%	-6	-7%

**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:** During the current recession, the Division has lost experienced professional regulatory staff due to retirements and to higher paying positions with federal regulatory agencies and has had to fill vacancies with inexperienced trainees. More complex regulatory examinations of troubled institutions have resulted in significantly longer timeframes to complete, analyze and process examinations.

**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 Mission of the Office is: *Protecting the citizens of Florida by carrying out the banking, securities and financial laws of the state efficiently and effectively and providing regulation of business that promotes the sound growth and development of Florida's economy.*

The ongoing economic conditions have caused bank examinations to be more complex and therefore require significantly more time to complete, analyze and process. It is imperative that the Division take all necessary time to review each examination to make sure that any corrective action, if deemed necessary based on findings of the

examination, is set in place and is appropriate. Timely transmission of a completed examination is and should be an internal goal of the Division. In fact, the ability of the Division to timely disseminate completed examination reports to state financial institutions may be one of many factors in the chartering decision of new bank applicants and existing institutions considering conversion to a state charter. However, the Division should not have a specific time frame imposed that could potentially impact its ability to protect the citizens of Florida by rushing to transmit examinations in order to meet an artificial deadline.

**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 recommends that this measure be deleted as it does not adequately address the mission and goals of the Division.

*Office of Policy and Budget – July 2012*

## 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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
67%	NA	NA	NA

**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:** During the economic recession, de novo application activity has come to a halt. No de novo bank applications were received during FY 11-12. De novo application activity is not expected to resume until an economic recovery is underway.

**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 recommends that this measure be deleted as it does not adequately address the mission and goals of the Division. The processing timeframe of de novo applications is regulated sufficiently by the Florida Administrative Procedures Act which requires that a decision be made on such applications by no later

than 180 days after being deemed complete. The Division should not be encumbered by an additional processing timeframe for application processing that is as critical as that of a de novo bank application.

*Office of Policy and Budget – July 2012*

## 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 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
316	238	-78	-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 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 domestic banks is not within DFI's control.

**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 recommends that this output measure be deleted. The number of domestic institutions is not a measure of performance.

*Office of Policy and Budget – July 2012*



## 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 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
53	32	-21	-40%

**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:** The number of international bank offices is not within DFI's control.

**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 recommends that this output measure be deleted. The number of international institutions is not a measure of performance.

*Office of Policy and Budget – July 2012*

**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:**

- 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
300	343	+43	14%

**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)

**Explanation:** The Bureau lost 27 positions or 42% of its staff due to budget reductions FY 12-13.

**Recommendations:** Since the investigative resources needed to meet this standard have been dramatically cut, it is requested that the standard be reduced from 300 to 175.

**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:** Percentage of Documented Violations that were referred for Action

**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
95%	99%	Over	+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 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) |

**Explanation:**

**Recommendations:** It is requested that this Outcome be deleted and replaced with a more meaningful measure. It is OFR's goal to improve investigative efficiency by reducing the time required to prepare a legally sufficient case for potential enforcement action. Management believes the measure "Percentage of priority investigations accepted by prosecutors or OFR legal for enforcement action within 12 months of case opening" better captures the performance of the Bureau of Financial Investigations.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900550 Executive Direction  
**Measure:** Primary Service Outcome - Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs

**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
Less than 10%	12.65%	9.65%	421.5%

**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 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:**

Chapter 2011-69, Florida Law, added Line 2393A – Data Processing Services – Regulatory Enforcement and Licensing (REAL) System for \$3,769,125 to BE43900550 – Executive Direction and Support Services. This new line item in Executive Direction is fifty-three percent of the total budget allocation for Executive Direction. The result is a dramatic increase in administrative cost. Without the REAL component in the cost, the actual percentage is 3.16%.

**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:**

Management recommends that the Performance Standard be adjusted to “less than 10%” to account for the increase in expenditures due to the increased budget allocation of the REAL System and remove the REAL component from the calculation.



Management recommends that the Performance Standard be adjusted to “less than 10%” to account for the increase in expenditures due to the increased budget allocation of the REAL System and remove the REAL component from the calculation.

*Office of Policy and Budget – July 2012*

## 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 licensees examined where agency action is taken

**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
75%	9%	-66%	-88%

**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 reflected the percentage of licensees disciplined by the agency for violations of the statute. The percentage was computed by dividing the number routine examinations completed with final action by the total number of examinations completed.

Fiscal Year 2007-08, the Bureau of Finance Regulation started measuring examination performance separately from the Bureau of Money Transmitters, which previously was reported and measured on a combined basis. Additionally, new measures are being recommended to utilize information now available from the Regulatory Enforcement and Licensing (REAL) System, and to reflect examination priority and risk as a factor in measuring 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:**

N/A

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

Training  
 Personnel

Technology  
 Other (Identify)

**Recommendations:**

The Agency is requesting deletion of this measure, to be replaced by a new measure that reflects the change in examination types from routine and for-cause, to risk based and other types.



## 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 licensees examined on a for-cause basis where department action is taken for violations

**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
75%	23%	-52%	-69%

**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 reflected the percentage of licensees disciplined by the agency for violations of the statute. The percentage was computed by dividing the # for cause examinations completed with final action by the total # of for-cause examinations completed.

Fiscal Year 2007-08, the Bureau of Finance Regulation started measuring examination performance separately from the Bureau of Money Transmitters, which previously was reported and measured on a combined basis. Additionally, new measures are being recommended to utilize information now available from the Regulatory Enforcement and Licensing (REAL) System, and to reflect examination priority and risk as a factor in measuring outcome.

**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):

Training  
 Personnel

Technology  
 Other (Identify)

**Recommendations:**

The Agency is requesting deletion of this measure, to be replaced by a new measure that reflects the change in examination types from routine and for-cause, to risk based and other types.

## 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 licensees examined on a routine basis where department action is taken against the licensee for violations

**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
75%	46%	-29%	-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 type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This measure reflected the percentage of licensees disciplined by the agency for violations of the statute. The percentage was computed by dividing the # routine examinations completed with final action by the total # of routine examinations completed.

Fiscal Year 2007-08, the Bureau of Finance Regulation started measuring examination performance separately from the Bureau of Money Transmitters, which previously was reported and measured on a combined basis. Additionally, new measures are being recommended to utilize information now available from the Regulatory Enforcement and Licensing (REAL) System, and to reflect examination priority and risk as a factor in measuring outcome.

**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):

Training  
 Personnel

Technology  
 Other (Identify)

**Recommendations:**

The Agency is requesting deletion of this measure, to be replaced by a new measure that reflects the change in examination types from routine and for-cause, to risk based and other types.

## 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:** Number of for cause examinations 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
206	1368	+1162	564%

**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 measure reported the total number of for cause examinations completed. Completed examinations were those examinations with a disposition of closed in the Activity Tracking System (ATS) that were not identified as "for-cause".

Fiscal Year 2007-08, the Bureau of Finance Regulation started measuring examination performance separately from the Bureau of Money Transmitters, which previously was reported and measured on a combined basis. Additionally, new measures are being recommended to utilize information now available from the Regulatory Enforcement and Licensing (REAL) System, and to reflect examination priority and risk as a factor in measuring outcome.

**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):

Training  
 Personnel

Technology  
 Other (Identify)

**Recommendations:**

The Agency is requesting deletion of this measure, to be replaced by a new measure that reflects the change in database systems, as well as separate reporting of Bureau of Finance examinations from Bureau of Money Transmitter entities.

## 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:** Number of routine examinations 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
197	334	137	+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:**

The measure reported the total number of routine examinations completed. Completed examinations are those exams with a disposition of closed in the Activity Tracking System (ATS).

Fiscal Year 2007-08, the Bureau of Finance Regulation started measuring examination performance separately from the Bureau of Money Transmitters, which previously was reported and measured on a combined basis. Additionally, new measures are being recommended to utilize information now available from the Regulatory Enforcement and Licensing (REAL) System, and to reflect examination priority and risk as a factor in measuring outcome.

**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):

Training  
 Personnel

Technology  
 Other (Identify)

**Recommendations:**

The Agency is requesting deletion of this measure, to be replaced by a new measure that reflects the change in examination types from routine and for-cause, to risk based and other types.



**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department: Office of Financial Regulation**  
**Program: Financial Service Commission, Office of Financial Regulation**  
**Service/Budget Entity: 43900560 – Finance Regulation**  
**Measure: Average number of days to conclude a priority examination**

**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
65 days	67 days	2 days	3%

**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:**

During FY 2011-12, the Office went through an extensive reorganization including freezing vacant positions, reorganizing staff reporting structure and requirements, attrition, layoffs, as well as consolidating and closing regional offices. Consequently, institutional knowledge was lost, remaining staff required additional training, and employees were required to maintain a higher case load, which resulted in fewer examinations, investigations, and enforcement cases with substantial sanctions.

**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 Bureau has initiated intensive training to ensure that every examiner is capable of performing all examination types that fall within the purview of the consolidated Bureau. In addition, the Bureau has revised its' focus and procedures to ensure it is able to meet statutory examination requirements, address issues that

pose a significant harm to Florida consumers, and meet performance expectations, using available resources. Florida Statute requires that the Bureau conduct examinations of every licensed Money Services Business at least once every five years (§560.109(1), F.S.). Statutes also require that the Bureau investigate consumer complaints it receives involving any person that collected a debt (§559.725, F.S.). These examinations and investigations shall form the Bureau's primary case work. In addition, the Bureau may conduct examinations related to priority matters, as identified by the Bureau from time to time, in response to information or intelligence suggesting significant harm to the public. The Bureau shall continue to refer possible criminal activity it discovers to law enforcement, and may assist law enforcement to the extent resources permit.

*Office of Policy and Budget – July 2012*

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department: Office of Financial Regulation**  
**Program: Financial Service Commission, Office of Financial Regulation**  
**Service/Budget Entity: 43900560 – Finance Regulation**  
**Measure: Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination**

**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
75%	71%	(4%)	5%

**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:**

During FY 2011-12, the Office went through an extensive reorganization including freezing vacant positions, reorganizing staff reporting structure and requirements, attrition, layoffs, as well as consolidating and closing regional offices. Consequently, institutional knowledge was lost, remaining staff required additional training, and employees were required to maintain a higher case load, which resulted in fewer examinations, investigations, and enforcement cases with substantial sanctions.

**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)

**Explanation:** The Bureau has initiated training to ensure that every examiner is capable of performing examinations that fall within the purview of the consolidated Bureau.

**Recommendations:** The Bureau has initiated intensive training to ensure that every examiner is capable of performing all examination types that fall within the purview of the consolidated Bureau. In addition, the Bureau has revised its' focus and procedures to ensure it is able to meet statutory examination requirements, address issues that pose a significant harm to Florida consumers, and meet performance expectations, using available resources. Florida Statute requires that the Bureau conduct examinations of every licensed Money Services Business at least once every five years (§560.109(1), F.S.). Statutes also require that the Bureau investigate consumer complaints it receives involving any person that collected a debt (§559.725, F.S.). These examinations and investigations shall form the Bureau's primary case work. In addition, the Bureau may conduct examinations related to priority matters, as identified by the Bureau from time to time, in response to information or intelligence suggesting significant harm to the public. The Bureau shall continue to refer possible criminal activity it discovers to law enforcement, and may assist law enforcement to the extent resources permit.

*Office of Policy and Budget – July 2012*

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Financial Regulation  
**Program:** Financial Service Commission, Office of Financial Regulation  
**Service/Budget Entity:** 43900560 – Finance Regulation  
**Measure:** Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination

**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
90%	77%	(13%)	14%

**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:**

During FY 2011-12, the Office went through an extensive reorganization including freezing vacant positions, reorganizing staff reporting structure and requirements, attrition, layoffs, as well as consolidating and closing regional offices. Consequently, institutional knowledge was lost, remaining staff required additional training, and employees were required to maintain a higher case load, which resulted in fewer examinations, investigations, and enforcement cases with substantial sanctions.

**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)

**Explanation:** The Bureau has initiated training to ensure that every examiner is capable of performing examinations that fall within the purview of the consolidated Bureau.

**Recommendations:** The Bureau has initiated intensive training to ensure that every examiner is capable of performing all examination types that fall within the purview of the consolidated Bureau. In addition, the Bureau has revised its' focus and procedures to ensure it is able to meet statutory examination requirements, address issues that pose a significant harm to Florida consumers, and meet performance expectations, using available resources. Florida Statute requires that the Bureau conduct examinations of every licensed Money Services Business at least once every five years (§560.109(1), F.S.). Statutes also require that the Bureau investigate consumer complaints it receives involving any person that collected a debt (§559.725, F.S.). These examinations and investigations shall form the Bureau's primary case work. In addition, the Bureau may conduct examinations related to priority matters, as identified by the Bureau from time to time, in response to information or intelligence suggesting significant harm to the public. The Bureau shall continue to refer possible criminal activity it discovers to law enforcement, and may assist law enforcement to the extent resources permit.

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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 – Regulatory Review  
**Measure:** Number of formal actions taken as a result of licensing substantive review process

**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
125	324	+199	159%

**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:**

**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:**

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

- Training
- Personnel
- Technology
- Other (Identify)

**Recommendations:** Recommendations: The Division of Consumer Finance recommends that this measure be deleted. This measure is no longer needed at the bureau Level because it's being tracked at the division Level. This includes both the Bureau's of Registration and Enforcement. In addition to the stepped up efforts by the Bureau of Enforcement staff, Federal Law required Chapter 494, F.S. licensees, which make up the majority of the division's licenses, to register with the National Mortgage Licensing System (NMLS). This started on 10/1/2010. NMLS brought a tougher



application standard and screening process that included a federal fingerprinting system to assist with regulating the industry.

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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:** 43900570 Securities Regulation

**Measure:** Percentage of enforcement examination referrals that result in enforcement action

**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
75%	70%	-5%	-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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Management is requesting deletion of this measure. New measures have been developed which more accurately measure the program's performance.

**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 checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Management has developed new outcomes that more accurately measure the program's performance

## 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 compliance examinations resulting in action.

**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
30%	34%	4%	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 type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Management has developed new outcomes that more accurately measure the program's performance.

**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 checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Management has developed new outcomes that more accurately measure the program's performance.

## 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:** Number of compliance examinations 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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
130	140	10	7.7%

**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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The Division of Securities is eliminating compliance (routine) examinations as a type of examination and implementing risk-based targeting. A data analysis of the compiled data and other reported issues against a broker from complaints received by firms, the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and OFR will determine the risk. The compliance examination type is replaced by risk-based examination. To better gauge the number of examinations completed during a fiscal year, the Division will include risk-based, enforcement and special examinations completed to replace the current performance 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:**

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 checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Management has implemented a methodology that targets firms and individuals through disclosures on the applications processed through the Central Regulation Depository (CRD) and information gathered through internal systems. The compilation of the information is used to assist the examiners in concentrating their efforts towards examinations on firms and individuals

where potential risks to the consumers are apparent. The Division is therefore requesting deletion of this measure.

*Office of Policy and Budget – July 2012*

## 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 compliance examinations closed or referred to the Office of Legal Services or referred to enforcement examinations within 180 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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	90%	+15%	+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 type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Beginning Fiscal Year 2007-08, the Division of Securities restructured its examination staff into compliance examiners and enforcement examiners. The compliance examiners work almost exclusively on the less complex cases which enable a more concentrated application of their time and efforts to close compliance examinations within the 180 days' time frame, thus exceeding the approved standard. Due to the change in the methodology of identifying examinations, beginning Fiscal Year 2008-09, compliance examiners are being reclassified to risk-based examiners and the compliance examination type will be reclassified to risk-based examinations. The reclassification of the examiners and examination type will allow the Division to allocate resources towards exams were the Division identifies multiple complaints against a broker received by the firm, the Securities and Exchange Commission (SEC), and the Financial Industry Regulatory Authority (FINRA).

**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:**

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 checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Management is requesting deletion of this measure to accommodate the new category of risk-based examination. The Division is also implementing a new examination type of "special

examinations” in addition to the risk-based examinations to be closed or referred to the Office of Legal Services or referred to enforcement examinations within 180 days

*Office of Policy and Budget – July 2012*

## 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 a compliance or enforcement examination within 180 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 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%	84%	-6%	-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:**

Beginning Fiscal Year 2007-08, the Division of Securities implemented an internal performance measure tracking database to report examination and complaint statistics. The database is accessible by regional office staff to use in monitoring the performance of each region's activities. The tracking database provides reporting options which have assisted management in analyzing complaints received by measuring hours worked and days opened. The reporting option has facilitated identifying those complaints to either close or refer to a compliance or enforcement examination within the designated timeframe.

**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 is requesting deletion of this measure to facilitate a change to the timeframe for processing from 180 days to the proposed 90 day time frame. The Bureau will continue to utilize the internal monitoring system to comply with the performance measure standard.

*Office of Policy and Budget – July 2012*



## 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:** Number of examinations, investigations, and enforcement cases resulting in imposition of substantial sanctions

**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
50	37	-13	26%

**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 type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)          |

**Explanation:**

During FY 2011-12, the Office went through an extensive reorganization including freezing vacant positions, reorganizing staff reporting structure and requirements, attrition, layoffs, as well as consolidating and closing regional offices. Consequently, institutional knowledge was lost, remaining staff required additional training, and employees were required to maintain a higher case load, which resulted in fewer examinations, investigations, and enforcement cases with substantial sanctions.

**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:** In an effort to successfully reach the Office's goal, the Division of Securities respectfully requests a change to the performance standard from 40 to 24 cases resulting in substantial sanctions. Additionally, the Division is dedicated to

securing additional training opportunities for existing staff as well as for the development of new staff as vacancies are filled, so that the expected results can be achieved.

*Office of Policy and Budget – July 2012*

## 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:** Number of active major enforcement cases

**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
40	22	18	45%

**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 type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)          |

**Explanation:**

During FY 2011-12, the Office went through an extensive reorganization including freezing vacant positions, reorganizing staff reporting structure and requirements, attrition, layoffs, as well as consolidating and closing regional offices. Consequently, institutional knowledge was lost, remaining staff required additional training, and employees were required to maintain a higher case load, which resulted in fewer active major enforcement cases than the expected goal.

**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:** In an effort to successfully reach the Office’s goal, the Division of Securities respectfully requests a change to the performance standard from 40 to 24 active enforcement cases. Additionally, the Division is dedicated to securing additional training opportunities for existing staff as well as for the development of new staff as vacancies are filled, so that the expected results can be achieved.



## 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 filing requests processed within a designated standard number of 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 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%	92%	2%	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 measure addresses efficiency in handling of filings/requests in an effort to improve processing time assuming conditions remain stable. This measure helps to ensure the timely processing of filings/requests.

Management has developed new outcomes that more accurately measure the program's performance.

**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:**

**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:**

Management has developed new outcomes that more accurately measure the program's performance.

## 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:** 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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75	34	-41	-55%

**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 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.

Management has developed new outcomes that more accurately measure the program's performance.

**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:**

Management has developed new outcomes that more accurately measure the program's performance.

# **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 & Soundness of State Banking System

**Measure:** Percentage of 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. The Federal Deposit Insurance Corporation (FDIC) maintains a database of all active and inactive FDIC insured financial institutions (both state and national/federal charters) including domestic banks.

**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 FDIC maintain databases that include information concerning each new bank opened. 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 the Database of General Information (DOGI) system.

*Office of Policy and Budget – July 2012*



## 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 & Soundness of State Banking System

**Measure:** Percentage of all applications, except new charter applications, deemed statutorily complete that are processed within 60 days, and 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's Administrative Procedures Act (APA) statutory time frames, OFR has 90 days to issue final agency action on most domestic applications, other than new charter applications. 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 application processing (60 days) that is less than the statutory minimum for these types of applications.

**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 carry out Florida's banking laws efficiently and effectively.

**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.

*Office of Policy and Budget – July 2012*

## 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 & Soundness of State Banking System

**Measure:** Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better

**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 received from state financial institutions. The Division of Financial Institutions developed an examination survey that is sent to all state financial institutions annually. The survey solicits a variety of comments on the safety and soundness examination process, examination team, and examination report. The survey also elicits a response from financial institutions regarding the contribution of the State examination process in promoting safe and sound institutions.

The measure will be calculated as follows:

- a. Determine the total number of responses to section 4, question 4 of the survey
- b. Sort all responses in ascending order
- c. Determine the number of responses that rated OFR as “2” or better (1= highest, 5 = lowest)
- d.  $\% = (\text{Number of responses that rated OFR as “2” or better}) / (\text{Total number of responses})$

**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.



## 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 & Soundness of 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:** Data is submitted by state financial institutions. OFR has developed an examination questionnaire that is sent to all state financial institutions annually. 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.

*Office of Policy and Budget – July 2012*

## 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~~ investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being 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 Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing System (REAL).

When violations of law and/or administrative rules have been documented by evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Office, the Office of Statewide Prosecution, and the United States Attorney's Office. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted by Legal
- Case Accepted by SAO
- Case Accepted for Civil Action
- Case Accepted by USAO
- Case Accepted by OSWP

When an action is taken on cases accepted for enforcement, the investigator assigned will record the action in REAL.

Below are the REAL disposition codes used to track actions:

- Administrative Action Taken
- Civil Action
- Civil and Administrative Action
- Criminal Action
- Criminal and Civil Action
- Criminal, Civil & Administrative Action
- Criminal and Administrative Action
- Criminal Action – Fugitive

An Investigation is closed when the investigator assigned, and the reviewing authority, deem all matters complete. The investigation is not closed until the 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.

There are occasions where, due to circumstances outside the control of the Bureau and no matter how strong the investigative case is, the prosecutor is unable to file an enforcement action. Examples include: 1) Death of the offender or sole victim/key witness, 2) Victim(s) refused to cooperate in the prosecution, 3) Extradition of an offender was denied, 4) Prosecution was declined for a reason other than lack of evidence, e.g., does not meet prosecutorial guidelines or priorities. These cases will be closed with a disposition of “Exceptional Clearance” and will not be used when calculating this Outcome.

**Calculation of Outcome Measure:** The percentage of investigative cases accepted for prosecution that result in enforcement action will be determined by: dividing 1) the total number of closed cases that result in action by 2) the number of closed investigative cases that were accepted for prosecution during the review period (excluding cases closed with Exceptional Clearance as noted above).

**Data Source:** The data source is the Regulatory Enforcement and Licensing System (REAL) Enforcement Investigative Module. Data entry into this module is restricted 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 into alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures our ability to conduct quality financial investigations which identify and sufficiently documents fraudulent activity under OFR jurisdiction and our support to the prosecution.

This Outcome measures our ability to efficiently conduct quality financial investigations that are accepted by prosecutors for enforcement action and the Bureau's commitment to assist the prosecutors obtain a successful action.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and 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 presenting investigations for potential prosecution, the Bureau is committed to provide continued investigative resources or litigation support as needed.

*Office of Policy and Budget – July, 2012*



## 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, 2012*

## 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 priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening

**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) Regulatory Enforcement and Licensing System (REAL).

An investigation is the gathering of pertinent evidence 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:

- Licensed Banking Entity
- Licensed Finance
- Registered Securities
- Unlicensed Finance
- Unlicensed Bank Entity
- Unregistered Securities

**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 entered into REAL and assigned to an Investigator. At this point, a case priority is assigned. Factors used in making the priority determination include:

- The egregiousness of conduct, including the length of time conduct occurred and whether recidivists were involved.
- Whether the impact or potential impact to Florida Citizens is significant (e.g. due to the large number of victims, high dollar losses, or vulnerability of victims.)
- Whether the persons involved in the conduct are licensees or registrants.
- Whether the alleged illegal conduct is on-going
- Whether the subject matter is an OFR/Division priority

The codes established in REAL to track case priority are 1, 2 or 3 (1 being the highest). An Investigation will be deemed a "Priority" if the code is a 1 or 2.

When violations of law and/or administrative rules have been documented with evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Offices, the Office of Statewide Prosecution, and the United States Attorney's Office. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted by AG
- Case Accepted by Legal
- Case Accepted by SAO
- Case Accepted by USAO
- Case Accepted by OSWP

The Bureau uses the REAL codes 1) Entered Date and 2) Activity Date to determine the number of months from case opening to case acceptance for prosecution.

**Calculation of Outcome Measure:** The percentage of priority investigations accepted by prosecutor or OFR Legal Counsel for enforcement action within 12 months of case opening will be calculated by: 1) The number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement within 12 months divided by 2) The total number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement during the review period.

**Data Source:** The data source is the Regulatory Enforcement and Licensing System (REAL) Enforcement Investigative Module. Access to these modules is restricted primarily to the Bureau of Financial Investigations. Investigators are required to enter data into these databases 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.

The acceptance of an investigation for prosecution measures our ability to conduct quality investigations which identifies and sufficiently documents fraudulent activity under OFR jurisdiction. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed, to facilitate a successful prosecution and enforcement result.

This Outcome measures our ability to conduct quality financial investigations, and have the investigation accepted for enforcement in a timely manner.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

*Office of Policy and Budget – July, 2012*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Office of Financial Regulation**

**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.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**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:**

Data is kept in People First. 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:** People First is the statewide personnel system used by all agencies. Personnel Information is captured at the Budget Entity and the Organizational level.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Office of Financial Regulation**

**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



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**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:**

Data is kept in People First. 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 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:** People First is the statewide personnel system used by all agencies. Personnel Information is captured at the Budget Entity and the Organizational level.

## 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:** Average number of days to refer a priority examination to Legal Services

**Action:**

- 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 OFR's REAL (Regulatory, Enforcement, and Licensing) System. This measure will assess the average number of days elapsed from the date the priority examination case was opened to the date the priority examination is referred to Legal Services for an administrative action. First, the examinations that are considered priority will be identified which were referred for the relevant period. Second, the "disposition date" of the examination will be used as the date for the referral of the examination to Legal Services. Third, the date "opened" will be used as the date the examination is started. The difference (disposition date minus opened) is the processing or examination number of days until it was referred. The number of examinations and the number of days will then be averaged to determine the measure.

**Validity:** This measure will address OFR's efficiency in timely handling a priority examination from start of the examination process to the referral for administrative action. A priority examination is based on an issue that is identified by the Agency as a priority. Priorities are set due to the scope of OFR's enforcement jurisdiction in the financial arena and limited resources. The Office has determined that it will focus its resources on enforcement matters that will have the greatest overall impact in protecting Florida's citizens. An example of an OFR priority is companies performing loan modifications without a current license which is required to conduct business. These unlicensed companies are frequently requiring upfront fees from homeowners in distressed properties with promises of reduced payments, lower interest rates, or reductions in the mortgage loan balances. These companies frequently make either token or no efforts to fulfill their promises to the consumers, thus causing additional harm to consumers who are already in dire straits. A timely administrative action can result in a cease and desist order issued to the company, administrative fines, refund of upfront fees or the handing over of files to a licensed entity.

**Reliability:** All dates and other information required to determine this measure is maintained in the REAL system. This system data is backed up on a pre-determined basis so that this data will be available in event of system failure. Efforts are made to assure data is promptly and correctly entered into REAL.

*Office of Policy and Budget – July 2012*

## 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:** Average number of days to conclude a priority examination

**Action:**

- 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 OFR's REAL (Regulatory, Enforcement, and Licensing) system. This measure will assess the average number of days elapsed from the date the priority examination case was opened to the date the priority examination was closed. First, the examinations that are considered priority will be identified which are closed in the relevant period. Second, the "date closed" of the examination will be used as the date for the conclusion of the examination when no additional staff resources will be expended on the case. Third, the date "opened" will be used as the date the examination is started. The difference (date closed minus opened) is the processing or examination number of days. The number of examinations and the number of days will then be averaged to determine the measure.

**Validity:** This measure will address OFR's efficiency in timely handling a priority examination from start of the examination process to the conclusion. A priority examination is based on an issue that is identified by the Agency as a priority. Priorities are set due to the scope of OFR's enforcement jurisdiction in the financial arena and limited resources. The Office has determined that it will focus its resources on enforcement matters that will have the greatest overall impact in protecting Florida's citizens. An example of an OFR priority is companies performing loan modifications without a current required license. These unlicensed companies are frequently requiring upfront fees from homeowners in distressed properties with promises of reduced payments, interest rates, or reductions in the mortgage loan balances. These companies frequently make either token or no efforts to fulfill their promises to the consumers, thus causing additional harm to consumers who are already in dire straits.

**Reliability:** All dates and other information required to determine this measure is maintained in the REAL system. The system data is backed up on a pre-determined

basis so that this data will be available in event of system failure. Efforts are made to assure data is promptly and correctly entered into REAL.

## 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:** Total number of consumer complaints that are opened by OFR staff

**Action:**

- 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 OFR's REAL (Regulatory, Enforcement, and Licensing) system. OFR will identify all consumer complaints entered into REAL which have been received for the fiscal year. The dates will be drawn from the date field labeled "Received."

**Validity:** The Office strives to protect consumers from financial fraud. Complaints can be the first notice to the Office that financial fraud has been committed or is on-going. Complaints will serve as potential indicators of existing or new schemes that may be developing in the financial markets.

**Reliability:** All dates and other information required to determine this measure is maintained in the REAL system. This system is backed up on a pre-determined basis so that this data will be available in event of system failure. Efforts are made to assure date is promptly and correctly entered into REAL.

*Office of Policy and Budget – July 2012*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Money Transmitter 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 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 has 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 feedback that is timely 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. The Division tracks applications in the REAL System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900560 Money Transmitter Regulation

**Measure:** Percentage of money transmitter/payment instrument issuers receiving an examination report within 90 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 II licensee 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 has 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 feedback that is timely 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. The Division tracks applications in the REAL System.



## 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 license applications processed within Administrative Procedures Act requirements

**Action:**

- 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 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 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 any 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.

**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.

## 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:** The number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions

**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 report the number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions.

A substantial sanction for a dealer is some combination of: 1) a fine or civil penalty of \$50,000 or more; 2) restitution to investors of \$50,000 or more; 3) Revocation, bar, denial or suspension of registration/license; or 4) civil or criminal remedies.

A substantial sanction for an investment adviser is: 1) a fine or civil penalty of \$25,000 or more; 2) restitution to investors of \$50,000 or more; 3) revocation, bar, denial or suspension of registration/license; or 4) civil or criminal remedies.

A substantial sanction for an individual is: 1) a fine or civil penalty of \$20,000 or more; 2) restitution to investors of \$20,000 or more; 3) revocation, bar, denial or suspension of registration/license; or 4) civil or criminal remedies.

### **Validity:**

The Division has determined that it will focus its resources on enforcement matters that will have the greatest overall impact in protecting Florida's citizens. Therefore, the Division is choosing to focus on cases that will result in substantial sanctions or substantial recovery of investor funds. This prioritization will enable the Division to better utilize the time and talents of designated staff to accomplish the agency's mission of carrying out the securities laws of the state effectively and to provide regulation of business that promotes the sound growth and development of Florida's economy.

### **Reliability:**

Information will be retrieved from the agency's Registration Enforcement and Licensing (REAL) system using the Standard Query Language (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. REAL is the primary source for the capturing, computing and reporting of the performance measures.

*Office of Policy and Budget – July 2012*

## 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:** The number of active major enforcement cases

**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 report on the number of active, major enforcement cases. Major cases must contain one or more of the following: a) the egregiousness of conduct or impact to Florida residents was significant. Examples of significant egregious conduct might include cases with more than 25 victims; losses greater than \$50,000; conduct that continued for longer than 3 months or conduct that hurt particularly vulnerable victims; b) the alleged illegal conduct involved recidivists; or c) the alleged illegal conduct was systemic and/or on-going. Systemic conduct could be manifested by such things as unlawful conduct throughout a firm or an industry-wide practice.

Major cases are designated in REAL with a Priority Code of “1”.

### **Validity:**

The Division has determined that it will focus its resources on cases that will have the greatest overall impact in protecting Florida’s citizens. Therefore the Division will pursue cases involving egregious conduct that impacts significant numbers of investors, vulnerable investors, targets recidivists, or addresses a systemic or ongoing sales practice abuse. The focus on working active major cases will help to insure that the Division routinely completes examinations and investigations that result in substantial sanctions or return of funds to victims.

### **Reliability:**

Information will be retrieved from the agency’s Registration Enforcement and Licensing (REAL) system using the Standard Query Language (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. REAL is the primary source for the capturing, computing and reporting of the performance measures.

## 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:** The number of complex securities examinations 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:**

This number will report the number of complex examinations completed. Complex examinations involve potential violations of the securities laws and regulations relating to supervision, fraud, sales practices or sales of unregistered, non-exempt securities.

Sales practices for dealers include, but are not limited to, selling away, unapproved outside business activity, unauthorized trading, improper advertising, excessive trading, and unsuitable recommendations.

Sales practices for investment advisers include, but are not limited to, improper performance reporting, excessive fee deductions, custody violations, unsuitable recommendations, and improper advertising.

Complex examinations are risk-based and enforcement examinations in which at least 60 hours have been logged and involve the following issue codes in the agency's REAL system: 1035 – 1035 Exchange, AML – Anti Money Laundering, BRKP – Breakpoints, CCMP – Customer Complaints, CPUB – Communications with the Public, CONF – Conflicts of Interest, CUST – Investment Advisory Custody, EXTR – Excessive Trading, FMAN – Fraud Manipulation, FMAP – Fraud Misappropriation, FMAR – Fraud Markups, FMRP – Fraud Misrepresentation, FOMS – Fraud Omission, IARS – IA/IA Agent Risk Score, OBA – Outside Business Activity, RBEX – Risk Based Targeting Exam, SAWY – Selling Away, SUIT - Suitability, SUPR - Supervision, SWTC – Improper Switching, UNAT – Unauthorized Trades, USEC – Unregistered Security.

### **Validity:**

Complex examinations and investigations typically involve fraud or sales practice abuses. The Division believes resources should be focused on these types of cases.

### **Reliability:**

Information will be retrieved from the agency's Registration Enforcement and Licensing (REAL) system using the Standard Query Language (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. REAL is the primary source for the capturing, computing and reporting of the performance measures.

*Office of Policy and Budget – July 2012*

## 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:**

- 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 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 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 any 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.

**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 2012*

**Associated Activities Contributing to  
Performance Measures –  
LRPP Exhibit V**



**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900530 Safety and Soundness**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2011-12</b>		<b>Associated Activities Title</b>
1	Percentage of 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 all applications, except new charter applications, deemed statutorily complete that are processed within 60 days, and within 90 days.		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
3	Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
4	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

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900540 Financial Investigations**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2011-12</b>		<b>Associated Activities Title</b>
1	Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken		Conduct financial investigations into allegations of fraudulent activity
2	Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening		Conduct financial investigations into allegations of fraudulent activity

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900560 Finance Regulation**

Measure Number	Approved Performance Measures for FY 2011-12		Associated Activities Title
1	Average number of days to refer a priority examination to Legal Services		Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
2	Average number of days to conclude a priority examination.		Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
3	Total number of consumer complaints opened by OFR staff		Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
4	Percentage of statutorily required examinations conducted		Regulate money services businesses including money transmitter, check cashing, foreign currency exchange, payment instrument issuers, and deferred presentment 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 check casher and foreign currency exchange 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 payment instrument issuer and money transmitter firms, branches and individual locations
7	Percentage of license applications processed within Administrative Procedure Act requirements.		Regulate Non-depository Firms, Branches and Individuals to ensure Regulatory Compliance

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900570 Securities Regulation**

Measure Number	Approved Performance Measures for FY 2011-12		Associated Activities Title
1	The number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
2	The number of active, major enforcement cases		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
3	The number of complex securities examinations completed.		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
4	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

## LRPP Exhibit VI: Unit Cost

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 into the DFS measures.

Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * <b>Examinations of non-depository financial service companies to determine compliance with regulations.</b>	1,492	5,583.58	8,330,701
Evaluate And Process Applications For Licensure As A Financial Services Entity. * <b>Applications processed or evaluated for licensure or registration as a non-depository financial services entity.</b>	20,917	129.99	2,718,985
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * <b>Number of domestic financial institutions examined to ensure safety and soundness.</b>	235	50,330.39	11,827,642
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * <b>Number of international financial institutions examined to ensure safety and soundness.</b>	23	32,001.74	736,040
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * <b>Number of financial investigations into allegations of fraudulent activity.</b>	343	15,704.01	5,386,476
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * <b>Examinations of money services businesses conducted to determine compliance with regulations.</b>	347	6,694.28	2,322,916
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * <b>Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees.</b>	235	25,029.36	5,881,900
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/or Individual. * <b>Substantively review and act upon securities applications for registration of firms, branch offices associated person and securities offerings.</b>	54,666	46.43	2,538.120

The complete exhibit, including all of DFS and the audit report, may be found on the following pages.

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2011-12			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT				304,232,321	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)				9,269,474	
FINAL BUDGET FOR AGENCY				313,501,795	
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.		7,471	50.02	373,735	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		52,589	19.51	1,026,274	
Investment Of Public Funds * Dollar Volume Of Funds Invested		19,500,000,000	0.00	666,915	
Provide Cash Management Services * Number of cash management consultation services.		30	31,493.17	944,795	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		4,818,116	0.32	1,556,132	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,550,113	1.08	1,667,592	
Accounting And Reporting Of State Funds * State Accounts Managed In The Florida Accounting Information Resource System.		38,229	131.00	5,007,840	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		12,760,443	0.09	1,096,693	
Conduct Pre-audits Of Selected Accounts Payable * Agency payment requests are pre-audited and posted in a timely manner such that payments are issued in less than the 10 day statutory time limit.		621,078	5.58	3,467,505	
Conduct Post-audits Of Major State Programs * Number of contract/grant reviews and post-audits of contract/grant disbursements completed to determine compliance with statutory and contractual requirements.		9	187,600.67	1,688,406	
Process State Employees Payroll * Payroll payments issued.		3,146,952	0.78	2,462,452	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes and Federal rules and regulations.		2	91,196.00	182,392	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		9	99,338.89	894,050	
Article V - Clerk Of The Courts * N/A		6	126,039.33	756,236	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		1,428,100	1.74	2,488,473	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		289,729	8.83	2,558,676	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,859	74.78	512,923	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		17,294	236.79	4,095,061	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		518	1,053.54	545,735	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,532	370.74	567,967	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,811	3,515.65	13,398,153	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		199,845	25.84	5,164,704	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		5,676	449.62	2,525,048	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed		15,729	64.40	1,012,971	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,688,141	0.10	369,726	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		21,143	1,142.05	24,146,362	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,888	2,232.85	10,914,177	
Process Property Claims On State Owned Buildings (Structure And Contents) * Number of state property loss/damage claims worked.		101	18,695.72	1,888,268	
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.		260	6,970.23	1,812,261	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		55	16,866.13	927,637	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		105,677	26.73	2,824,504	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		70,886	48.90	3,466,008	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,579,891	0.49	772,182	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		188,425	2.16	407,647	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,535	2,359.96	5,982,509	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		2,444	6,324.98	15,458,245	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		623	6,933.18	4,319,371	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		54,370	79.00	4,295,235	
Provide Consumer Education Activities * Number of consumer educational materials created and distributed.		256,664	2.76	707,796	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		365,997	12.87	4,701,526	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed FY 10-11: 1,590		1,629	1,282.65	2,089,429	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		92,547	46.42	4,296,416	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		34,780	383.71	13,345,337	
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.		1,468	3,098.45	4,548,524	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		4,195	327.58	1,374,205	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		83,768,400	0.01	692,875	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,046,122	0.78	3,948,483	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		5,624	249.42	1,402,721	
Approve And License Entities To Conduct Insurance Business. * Number of applications processed.		137	6,415.81	878,966	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		1,090	2,771.32	3,020,736	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,831	1,760.31	15,545,274	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		14,686	521.67	7,661,229	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		1,492	5,583.58	8,330,701	
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.		20,917	129.99	2,718,985	
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.		235	50,330.39	11,827,642	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		23	32,001.74	736,040	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		343	15,704.01	5,386,476	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		347	6,694.28	2,322,916	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees.		235	25,029.36	5,881,900	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Substantively review and act upon securities applications for registration of firms, branch offices associated person and securities offerings.		54,666	46.43	2,538,120	
TOTAL				236,201,157	
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				35,991,572	
REVERSIONS				41,105,512	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				313,298,241	

### 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.

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ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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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	302,413	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	578,447	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,806,523	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	747,139	
43200100	1601000000	ACT2020	CAPITAL COLLATERAL REGISTRY	1,514,847	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	13,520,875	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,761,055	
43500700	1202000000	ACT9060	AFDC/WAGES/EMPLOYEE FRAUD	771,065	
43500700	1202000000	ACT9070	PUBLIC ASSISTANCE FRAUD	1,088,689	
43500700	1202000000	ACT9080	MEDICAID FRAUD INVESTIGATIONS	783,752	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	588,409	
43200100	1601000000	ACT9920	RELIEF BILL	1,350,000	
43500400	1205000000	ACT9930	TRANSFER TO FLORIDA CATASTROPHIC	950,000	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	228,358	

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TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	313,501,795	
TOTAL BUDGET FOR AGENCY (SECTION III):	313,298,241	
HB 119 PIP Study passed in 2012 Leg Session	200,000	
provided appropriation effective upon becoming law and is not included in th Section I total.		
	-----	-----
DIFFERENCE:	3,554	
(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)

AARP – American Association of Retired Persons – a non-governmental organization

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

BFI – Bureau of Financial Investigations, a criminal justice agency housed within the Office of Financial Regulation

BR – Board Resolution of a financial institution

BRR – Bureau of Regulatory Review-Finance

BSA – Bank Secrecy Act of 1970 – requires financial institutions to keep records of cash purchases of negotiable instruments and file reports of such cash purchases of more than \$10,000 daily to detect and prevent money laundering

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



CFPB – Consumer Financial Protection Bureau established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 – a federal agency which will hold primary responsibility for enforcing federal laws and regulating consumer protection in the United States

CFTC – Commodities Futures Trading Commission – independent agency of the United States government that regulates futures and option markets

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

DFI – Division of Financial Institutions within the Office of Financial Regulation

DFS – Department of Financial Services – provides administrative and information systems support to the Office of Financial Regulation

Dodd-Frank Act – Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

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

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

Fannie Mae – Federal Nation Mortgage Association – a government sponsored enterprise founded in 1938 (publicly traded company since 1968) to expand the secondary mortgage market

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

FHFA – Federal Housing Finance Agency – the regulator and conservator of Fannie Mae (Federal Nation Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) and the regulator of the 12 Federal Home Loan Banks

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

Freddie Mac – Federal Home Loan Mortgage Corporation – public government sponsored enterprise created in 1970 to expand the secondary market for mortgages

FS – 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

FSOC – Financial Stability Oversight Council – created under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to identify and respond to emerging risks throughout the financial system

FTC – Federal Trade Commission – independent agency of the United States government established in 1914 to promote consumer protection and eliminate and prevent harmful anti-competitive business practices

FTE – Full Time Equivalent

FY – Fiscal Year

GAA – General Appropriations Act

GAO – Government Accountability Office – the audit, evaluation and investigative arm of the US Congress

GDP – Gross Domestic Product – all goods and services produced or exchanged

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

HUD – Federal Department of Housing and Urban Development

IA – Investment adviser – individual or firm who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities

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 – the organization of US state and Canadian provincial and territorial securities regulators

NASCUS – National Association of Credit Union Supervisors – an association of professional regulators made up of the 47 state governmental agencies that charter, regulate and examine state-chartered credit unions

NASD – National Association of Securities Dealers – now known as the Financial Industry Regulatory Association (FINRA)

NCUA – National Credit Union Association – independent federal agency that regulates, charters and supervises federal credit unions. NCUA operates and manages the National Credit Union Share Insurance Fund

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

NSMIA – National Securities Market Improvement Act of 1996

OCC – Office of Comptroller of the Currency – charters, regulates and supervises all national banks and federal savings associations, as well as branches and agencies of foreign banks

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

OTS – Office of Thrift Supervision – now part of the Office of Comptroller of the Currency

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

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

S.A.F.E. 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

SBA – State Board of Administration – manages the pension funds for current and retired Florida employees, as well as school districts and state and local government entities. The SBA is governed by the Board of Trustees, made up of the governor, chief financial officer and attorney general

SEC – United States Securities and Exchange Commission – federal agency which holds primary responsibility for enforcing the federal securities laws and regulating the securities industry, the nation's stock and options exchanges, and other electronic securities markets in the United States

Service – see Budget Entity

SRO – self regulatory organization – an organization that exercises some degree of regulatory authority over an industry or profession

Standard – the level of performance of an outcome or output

SWOT – Strengths, Weaknesses, Opportunities and Threats

TCS – Trends and Conditions Statement

TF – Trust Fund

Unit cost – the average total cost of producing a single unit of output – goods and services for a specific agency activity

USA PATRIOT Act – Unitng 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