



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

## LONG-RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

September 30, 2014

Cynthia Kelly, 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

Cindy Kynoch, Staff Director  
Senate Committee on Appropriations  
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 2015-16 through Fiscal Year 2019-20. 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.



Robert C. Kneip  
Chief of Staff

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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# **Department of Financial Services**

## **Long Range Program Plan**

**Fiscal Years  
2015-16 through 2019-20**

***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

**1) FIGHT FRAUD, WASTE AND ABUSE**

**2) PROMOTE FINANCIAL ACCOUNTABILITY AND  
TRANSPARENCY**

**3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE**

**4) KEEP MONEY IN THE POCKETS OF FLORIDIANS**

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

**1) FIGHT FRAUD, WASTE AND ABUSE**

**Objective 1A: Effectively manage regulatory activities.**

**Division of Accounting and Auditing:**

**Outcome 1A.1:** Number of agencies audited for contract/grant manager's performance.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
11	8	8	8	8	8

**Outcome 1A.2:** Number of contracts/grants reviewed in a twelve month period.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
1,100	1,100	1,100	1,100	1,100	1,100

**Division of State Fire Marshal:**

**Outcome 1A.3:** Percentage of Fire Code inspections completed within statutorily defined timeframes.

FY2006-07 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
100%	100%	100%	100%	100%	100%

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

**Outcome 1A.4:** Percentage of inspections that do not require quality control follow up.

FY2007-08 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
72.65%	97%	97%	97%	98%	98%

**Objective 1B: Conduct successful investigations.**

**Division of Accounting and Auditing:**

**Outcome 1B.1:** Percentage of investigations that result in action taken against the investigative target.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
50%	50%	50%	50%	50%	50%

**Division of State Fire Marshal:**

**Outcome 1B.2:** Percentage of arson cases cleared.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
20%	20%	20%	20%	20%	20%

**Outcome 1B.3:** Average turnaround time for the Bureau of Forensic Fire and Explosives Analysis.

FY2008-09 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
8.25 days	10 days	10 days	10 days	10 days	10 days

**Division of Insurance Fraud:****Outcome 1B.4:** Number of arrests.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
1,224	1,224	1,224	1,224	1,224	1,124

**Outcome 1B.5:** Number of cases presented for prosecution.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
1,260	1,260	1,260	1,260	1,260	1,260

**Division of Funeral, Cemetery and Consumer Services:****Outcome 1B.6:** Average age (days) of closed investigations.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
100	90	90	90	90	90

**Division of Public Assistance Fraud:****Outcome 1B.7:** Public Assistance dollars withheld as a result of investigation (in millions).

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$26.355	\$26.355	\$26.355	\$26.355	\$26.355	\$26.355

**Outcome 1B.8:** Dollar amount of loss due to fraud referred for Administrative Hearing (in millions).

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$2.852	\$2.852	\$2.852	\$2.852	\$2.852	\$2.852

**Outcome 1B.9:** Dollar amount of loss due to fraud referred to SAO for prosecution (in millions).

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$6.863	\$6.863	\$6.863	\$6.863	\$6.863	\$6.863

**Outcome 1B.10:** Number of investigations completed.

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
2,912	2,912	2,912	2,912	2,912	2,912

**Division of Workers' Compensation:****Outcome 1B.11:** Average number of employer investigations completed per investigator.

FY 2012-13 Baseline	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19	FY2019-20
732	708	708	708	708	708

## 2) PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

### Objective 2A: Provide responsible stewardship of taxpayer dollars.

#### Division of Administration:

**Outcome 2A.1:** 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.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
80%	86%	88%	90%	90%	95%

#### Division of Treasury:

**Outcome 2A.2:** Amount by which the Treasury’s Investment Pool exceeded the blended benchmark for a rolling three year period.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
.69%	0.2%	0.2%	0.2%	0.2%	0.2%

**Outcome 2A.3:** Percentage of Qualified Public Depositories Analyses completed within 90 days.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
100%	100%	100%	100%	100%	100%

**Outcome 2A.4:** Percentage of Collateral Administrative Program transactions completed within three business days.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
97%	97%	97%	97%	97%	97%

**Outcome 2A.5:** Percentage of core accounting processes that meet established deadlines and standards for accuracy.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
97%	98%	98%	98%	98%	98%

#### Division of Risk Management:

**Outcome 2A.6:** Average operational cost per claim worked.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$2,016	\$2,220	\$2,285	\$2,355	\$2,428	\$2,775

#### Division of Rehabilitation and Liquidation:

**Outcome 2A.7:** Administrative costs as a percentage of total assets entrusted to the receiver.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
2%	2%	2%	2%	2%	2%

**Outcome 2A.8:** Administrative costs as a percentage of amounts to be distributed.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
25%	25%	25%	25%	25%	25%

**Outcome 2A.9:** Percentage of appraised value of assets liquidated for real property.

FY2007-08 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
90%	90%	90%	90%	90%	90%

**Outcome 2A.10:** Administrative costs as a percentage of the amounts recovered.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
15%	15%	15%	15%	15%	15%

**Division of Agent and Agency Services**

**Outcome 2A.11:** Cost of licensing operations per active license.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$4.83	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35

**Outcome 2A.12:** Cost of investigations operations per completed investigation.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$1,470	\$1,470	\$1,470	\$1,470	\$1,470	\$1,470

**Division of Public Assistance Fraud:**

**Outcome 2A.13:** Return on investment.

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
600%	600%	600%	600%	600%	600%

**Objective 2B: Provide transparency through the effective use of technology.**

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

**Outcome 2B.1:** Percentage of public records available by email or electronic media.

FY2010-11 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
70%	90%	95%	95%	99%	100%



### 3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

#### Objective 3A: Improve service to customers.

##### Division of Administration:

**Outcome 3A.1:** Percentage of Department employees responding to an annual survey who indicate overall satisfaction with the Division’s service.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
90%	95%	95%	95%	95%	95%

**Outcome 3A.2:** Percentage of appointment packages processed within the five day time standard.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
97%	95%	95%	95%	95%	95%

**Outcome 3A.3:** Percentage of minority new hires.

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
54%	55%	55.5%	56%	56.5%	56.5%

##### Division of Legal Services:

**Outcome 3A.4:** Percentage of insurers receiving Legal Service of Process by electronic means.

FY2006-07 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
10%	100%	100%	100%	100%	100%

##### Division of Information Systems:

**Outcome 3A.5:** 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	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
95.03%	96%	96%	96%	96%	96%

##### Office of Insurance Consumer Advocate:

**Outcome 3A.6:** Percentage of referred cases responded to and/or transferred within 10 days of receipt.

FY2010-11 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
90%	90%	90%	90%	90%	90%

**Outcome 3A.7:** Percentage of rate filings subject to public hearing which were reviewed by our office.

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
95%	95%	95%	95%	95%	95%

**Division of Treasury:**

**Outcome 3A.8:** Percentage of state employees participating in the State Deferred Compensation Plan.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
40%	40%	40%	40%	40%	40%

**Division of State Fire Marshal:**

**Outcome 3A.9:** Percentage of students passing certification exam on first attempt.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
77%	77%	77%	77%	77%	77%

**Division of Risk Management:**

**Outcome 3A.10:** Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, Florida Administrative Code.

FY 2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
95%	95%	95%	95%	95%	95%

**Outcome 3A.11:** Percentage of tort liability claim files resolved prior to litigation.

FY 2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
81%	81%	81%	81%	81%	81%

**Outcome 3A.12:** Number of agency loss prevention staff trained during the fiscal year. (top 3 agencies)

FY 2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
80	80	80	80	80	80

**Division of Rehabilitation and Liquidation:**

**Outcome 3A.13:** Percentage of service requests, excluding Public Records Requests, closed within 30 days.

FY 2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
80%	80%	80%	80%	80%	80%

**Division of Agent and Agency Services:**

**Outcome 3A.14:** Average number of investigations per investigator.

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
71.3	71.3	71.3	71.3	71.3	71.3

**Outcome 3A.15:** Average number of applications processed per licensing FTE.

FY2013-14 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
2,647	2,647	2,647	2,647	2,647	2,647

**Division of Consumer Services:**

**Outcome 3A.16:** Percentage of consumer responses that rate the Division's services as good or excellent. (Survey results)

FY2010-11 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
75%	75%	75%	75%	75%	75%

**Outcome 3A.17:** Percentage of helpline call and service request audits that result in quality service (audit scores).

FY2007-08 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
80%	90%	90%	90%	90%	90%

**Outcome 3A.18:** Percentage of phone calls answered within four minutes.

FY2010-11 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
90%	80%	80%	80%	80%	80%

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

**Outcome 3A.19:** Percentage of deficiency letters sent out within five business days of receiving the application.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
88%	88%	88%	88%	88%	88%

**Division of Workers' Compensation:**

**Outcome 3A.20:** Percentage of overall Workers' Compensation accepted claims in electronic data interchange (EDI) form filings.

FY 2011-12 Baseline	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19	FY2019-20
76%	80%	80.5%	81%	81.5%	81.5%

**Outcome 3A.21:** Percentage of disputed issues between carriers, employers and injured workers resolved during the informal dispute resolution process.

FY 2011-12 Baseline	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19	FY2019-20
78.5%	86%	86%	86%	86%	86%

## 4) KEEP MONEY IN THE POCKETS OF FLORIDIANS

### Objective 4A: Foster economic prosperity.

#### Division of Accounting and Auditing: Bureau of Unclaimed Property

##### Outcome 4A.1: Percentage of claims processed within 60 days of receipt.

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
65.6%	75%	75%	75%	75%	75%

#### Division of Insurance Fraud:

##### Outcome 4A.2: Amount of court ordered restitution (in millions).

FY2011-12 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
\$42.788	\$42.788	\$42.788	\$42.788	\$42.788	\$42.788

##### Outcome 4A.3: Court ordered restitution as a percentage of legislatively approved budget.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
70%	70%	70%	70%	70%	70%

##### Outcome 4A.4: Requested restitution as a percentage of legislatively approved budget.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
200%	200%	200%	200%	200%	200%

#### Division of Consumer Services:

##### Outcome 4A.5: Percentage of monetary eligible service requests that resulted in a recovery.

FY2012-13 Baseline	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
85%	85%	85%	85%	85%	85%

## TRENDS AND CONDITIONS STATEMENT

### ORGANIZATIONAL OVERVIEW

*Article IV, Section 4(a)(c), Florida Constitution states that, “The Chief Financial Officer shall serve as a member of the Florida Cabinet and 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.”*

Florida voters amended Florida’s Constitution in 1998 reducing the size of the Florida Cabinet from six members to three. Effective January 2003, the Offices of the Secretary of State and Commissioner of Education were removed from the Florida Cabinet, and the Offices of the Treasurer and Comptroller were combined. The Department of Insurance and the Department of Banking and Finance merged, forming a new agency: the Department of Financial Services. This Department is headed by the Chief Financial Officer.

A constitutional officer of Florida, as well as a member of the Cabinet, the Chief Financial Officer (CFO) serves as the State’s financial watchdog and is responsible for the management and policies of the Department of Financial Services, including but not limited to monitoring state investments and spending, as well as keeping track of the more than \$90 billion that comes into and goes out of state government each year. Within the organization, the Office of Chief of Staff, the Office of Insurance Consumer Advocate, and the Office of Inspector General report directly to the Chief Financial Officer.

The Office of Chief of Staff consists of the following: the Deputy Chief Financial Officers, the General Counsel, the Office of Research and Planning, the Office of Legislative Affairs, the Office of Cabinet Affairs and the Office of Communications. In addition, the Division of Information Systems is organized under 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**

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Office of the Chief Financial Officer and Administration</u></p>	<p>Serves DFS and its stakeholders with necessary support.</p> <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>
<p><u>Treasury (Division of Treasury)</u></p> <p>Chapters 17 and 280, Florida Statutes</p>	<p>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:</p> <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>
<p><u>Financial Accountability for Public Funds</u></p> <p>(Division of Accounting and Auditing)</p> <p>Chapters 17 and 717, Florida Statutes</p>	<p>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:</p> <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>
<p><u>Fire Marshal</u></p> <p>(Division of State Fire Marshal)</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></p> <p>(Division of Risk Management)</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>

<b>Programs and Statutes</b>	<b>Description</b>
<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>➤ serving as a mediator between consumers and insurance companies</li> </ul>
<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>

<b>Programs and Statutes</b>	<b>Description</b>
<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; leveraging data to deliver exceptional value to our customers and stakeholders; and, holding 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</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**

## **1) FIGHT FRAUD, WASTE AND ABUSE**

### **OBJECTIVE 1A: Effectively manage regulatory activities.**

#### **DIVISION OF ACCOUNTING AND AUDITING**

**Bureau of Auditing.** The Bureau of Auditing seeks to improve state agency compliance with disbursement standards by ensuring that an agency's contracts have sufficient requirements to support and document that their agreements have (1) identified the scope of work and measureable deliverables; (2) remedies for non-performance; (3) the statutory requirements in Chapters 215, 216, and 287 F.S.; and when applicable, (4) the federal grant reporting requirements from the Office of Management and Budget.

**Bureaus of Financial Reporting, Auditing and State Payrolls** (Ch. 17, F.S.) 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 financial information to understand how the state uses its financial resources, what the state is buying and whether it is receiving what it paid for.

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

#### **DIVISION OF STATE FIRE MARSHAL**

**Bureau of Fire Prevention.** The Bureau of Fire Prevention administers the compliance and enforcement services of the Division under Section 633.218, F.S., as follows:

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

Field inspections of state-owned buildings are conducted annually for compliance with the Florida Fire Prevention Code. In FY2013-2014, Fire Protection Specialists conducted over 16,000 High Hazard, Recurring, and Construction building inspections. Construction inspections including underground and above ground fire mains, installation and performance testing of fire protection systems, and fire rated construction assemblies are required for each new building.

Any reductions in revenue generated at the local level can be expected to have an impact on the State Fire Marshal's workload. If local governments determine they are unable to fully fund their

own fire safety programs, 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.

For the Boiler Safety Program, technology enhancements to its data management system have 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 an entirely automated web-based system. Scanning technology deployed in the Program has reduced storage space and may consequently reduce rent costs. Similar technology is being reviewed for use from other sections within the Bureau to reduce substantial storage space required by the Records Retention Schedules Program maintained by the Secretary of State. 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. This effort has also freed up state resources to conduct code compliance activities and public outreach, among other activities.

All four functional areas of the Bureau; Plans Review, Inspection, Regulatory Licensing and Boilers, have benefited from an updated database to permit increased internal and external access, and significantly enhanced communications between the regional offices' staff and the Bureau. This solution is fully web-based and allows electronic access to inspection reports which minimizes the need for US Mail distribution but does not currently permit the receipt of fees which will add greater efficiency and customer service for all licensing applicants. Electronic transmission of construction documents is presently being explored and will significantly reduce the time required for decision making as well as improve access to data necessary for field review.

#### **OBJECTIVE 1B: Conduct successful investigations.**

##### **DIVISION OF ACCOUNTING AND AUDITING**

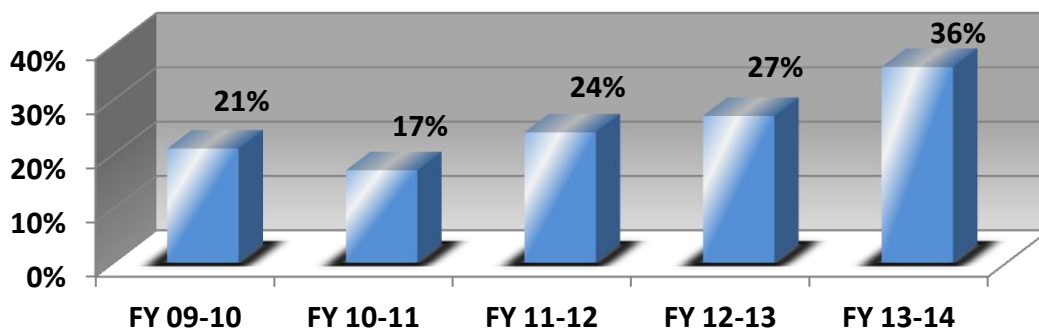
***Office of Fiscal Integrity.*** The Office of Fiscal Integrity (OFI) detects and investigates the intentional misuse or misappropriation of state funds. OFI is a Criminal Justice Agency with subpoena authority and specializes in the investigation of complex state contract fraud, misuse of state purchasing cards, and various other related schemes. OFI also conducts joint investigations with local, state, and federal law enforcement and prosecutorial agencies. Upon successful conclusion of its investigations, referrals for prosecution are made to local State Attorneys, the Statewide Prosecutor or the US Attorney's Office. Many of its investigations have led to the arrest and conviction of the principal party or parties involved.

##### **DIVISION OF STATE FIRE MARSHAL**

***Bureau of Fire and Arson Investigations.*** The Bureau of Fire and Arson Investigations (BFAI) is the law enforcement bureau of the Division of State Fire Marshal. The Bureau is responsible for initial investigation of the origin and cause of fires and explosions, criminal investigative duties associated with fires or explosions and the reports relative to explosions or explosive devices and other law enforcement activities, as required by law (Chapters 633.112 and 552.113, F.S.). BFAI is also a member of the State Emergency Response Team; responding to natural and manmade disasters statewide (Chapter 252, F.S.). Additionally, BFAI is an active member of the seven Florida Regional Domestic Security Task Forces (Chapter 943.0312, F.S.).

The Bureau continues to maintain an arson arrest trend above the national average (*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, F.A.C. 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. The Bureau now concentrates on solving the fires most likely caused by arson.

### BFAI Arson Arrest Percentage



*Figure 1-BFAI*

Thirty-five to forty-five percent of the fires or explosions investigated by this agency are determined to be arson fires. Thirty-five percent of these fire cases were successfully cleared. Many conditions have an impact on the crime of arson or explosions and their investigation:

**Economic** - In times of economic uncertainty, local fire and police agencies employing fire investigative units seek ways to decrease spending by minimizing or eliminating specialized units. This trend is ongoing and affects many fire service agencies statewide. Small, medium and large fire service and law enforcement agencies have eliminated their arson investigation units and now refer these investigations to the Bureau.

**Technological** - New materials and synthetics used in buildings and furnishings react with fire differently than traditional natural materials, requiring up-to-date research into 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 Ordnance 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 are also routinely required to provide bomb-related protection at large spectator venues such as sporting events and other highly populated venues. The FBI and ATF have reported Florida as being in the nation's top 10 for explosive events.

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

***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 numbers of items submitted for processing have averaged 13,692. In the immediate past fiscal year, 2013–14, the Bureau processed 12,389 items.

While the total number of items submitted and processed has remained relatively consistent over the past five fiscal years, an examination of each type of service request category shows changes in requests and submissions:

- The number of fire debris samples and their associated QA/QC initially indicated a slow drop over the past five fiscal years.
  - In FY 2009-10 the number of fire debris samples and QA/QC samples were 4,033 and 3,456 respectively.
  - FY 2013-14 saw a drop in fire debris samples to 3,671 (down 362 samples or 8.9%).
  - Likewise there was a drop in associated QA/QC to 3,381 in FY 2013-14 (down 75 or 2.2%).
- The numbers of explosives/chemical analyses and digital image cases have shown a decrease in requests over the same five years.
  - In FY 2009-10 the number of explosive/chemical analyses was 2956 and by FY 2013-14 it had decreased to 2,192 (down 764 or 25.8%). The key reason was the loss of use of a key instrument for several months while it was being refurbished and repaired. This caused the Bureau to have to suspend several types of analyses for which the instrument was the critical factor.
  - The number of digital image case submissions rose from 3,043 in FY 2009-10 to 3,181 in FY 2013-14 (up 138 or 4.5%).

BFFEA is wholly dependent on its customers for the submissions it receives. The decrease in the number of explosives/chemical analyses has been directly influenced by the loss of use of a key instrument for several months. Because we continue to be the only State of Florida forensic laboratory with the experience, instrumentation and accreditation to perform these analyses, we expect the trend to return to an increase now that the instrument has been repaired/refurbished and two new items of instrumentation were purchased replacing obsolete items used in explosives and unknown chemicals identification.

Other potential trends are attributable to the economic problems experienced throughout the State. The five Sheriff's/Regional Laboratories (Broward Co., Indian River Co., Metro-Dade, Pinellas Co., and Palm Beach Co.) have either reduced their fire and or explosives services or are

in the process of considering reduction or elimination of the various services. They are redirecting many of these to the appropriate State forensic laboratories.

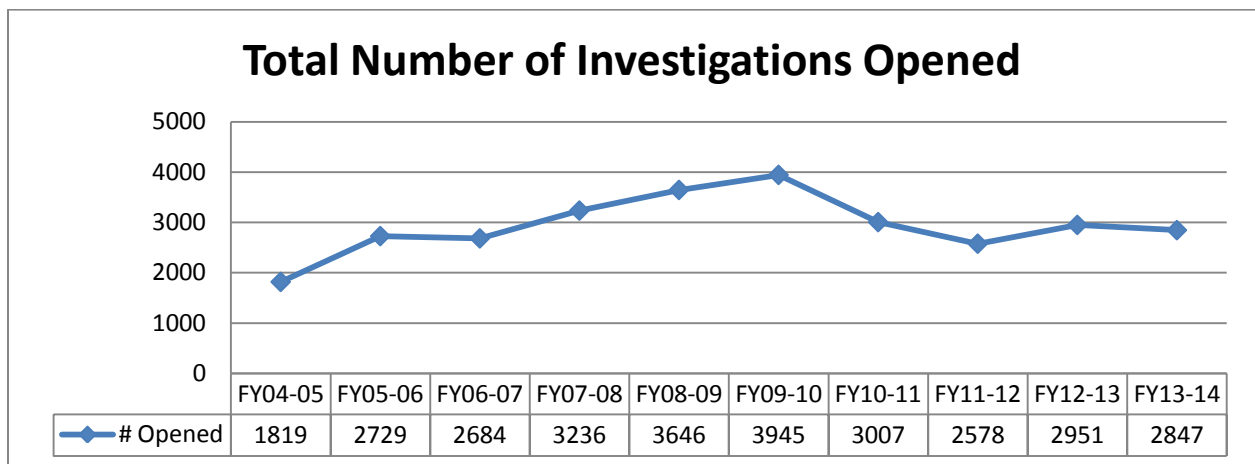
The economy is the source for additional potential adverse trends for BFFEA. The Bureau currently receives federal grant funds from the Paul Coverdell Forensic Science Improvement grant. For FY 2013-14 these funds will allow close to \$12,000 in reimbursements to the Department for expenditures allowable through the grant (supplies and accreditation costs). This source of offset funding is not guaranteed to continue as there are discussions in Congress on the elimination or further reduction of the available federal funds.

Even with limited staff and reductions in supplies and expenses, the Bureau's ability to serve its customers by returning casework in a short turnaround period continues to be exceptional. This short turnaround period allows investigators to have forensic results while the case investigation is active. These results can help guide the investigation and lead to more effective questioning of suspects and witnesses. The average turnaround time for the period of FY 2009-10 to FY 2013-14 was 7.2 days. The average for FY 2013-14 alone was 5.9 days or 1.3 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 performing these tasks and takes time away from their technical and analytical duties. The exact long term affects caused by increased accreditation and administrative requirements are unknown. Potentially, staff may be able to absorb these requirements without any difficulties; however, other forensic laboratories under similar circumstances have reported general increase in turnaround times.

#### **DIVISION OF AGENT AND AGENCY SERVICES**

***Bureau of Investigation.*** In Fiscal Year 2013-14, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 2,847 opened investigations and 2,949 completed investigations. These investigations were conducted by 39 investigators, three less than last year, located in Tallahassee and nine field offices throughout the state. Five hundred and forty-seven investigations resulted in formal disciplinary action, such as license suspension, revocation, probation, restitution, and administrative fines and costs. The Bureau also was responsible for securing \$3,237,050 in restitution while conducting these investigations.



To further ensure compliance with Florida Laws and protect consumers, the Bureau continues taking a pro-active investigative approach by data-mining criminal court records and disciplinary actions of licensees which resulted in a 54% increase in criminal proceeding cases and a 39% increase in reciprocal action cases. While the complaints generated from outside sources declined almost 32%, the investigations initiated internally increased by almost 34%. Of the investigations opened during FY 13-14, 50% were initiated by the bureau utilizing technology and access to valuable databases which is a 9% increase from the previous FY. These pro-active procedures enabled us to uncover more misconduct by licensees rather than relying on them to self-report. We realized an almost 2% increase in disciplinary actions taken while .05% less cases were completed. The Bureau also referred 24% more completed cases (158 total), to the Division of Fraud for criminal prosecution. It is expected these efforts will continue to ensure a more secure insurance purchasing environment.

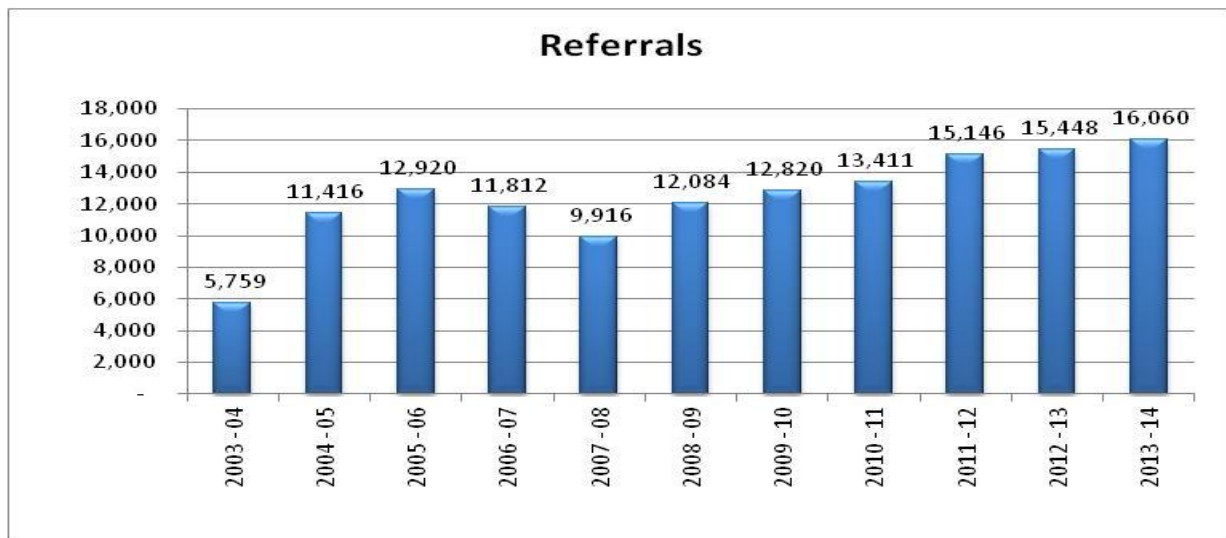
#### **DIVISION OF INSURANCE FRAUD**

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 2013-14, the Division of Insurance Fraud made 1,455 arrests (includes arrests in which the division assisted other agencies); presented 1,581 cases for prosecution, and cleared 1,248 cases by convictions. The division received 16,060 referrals during Fiscal Year 2013-14.

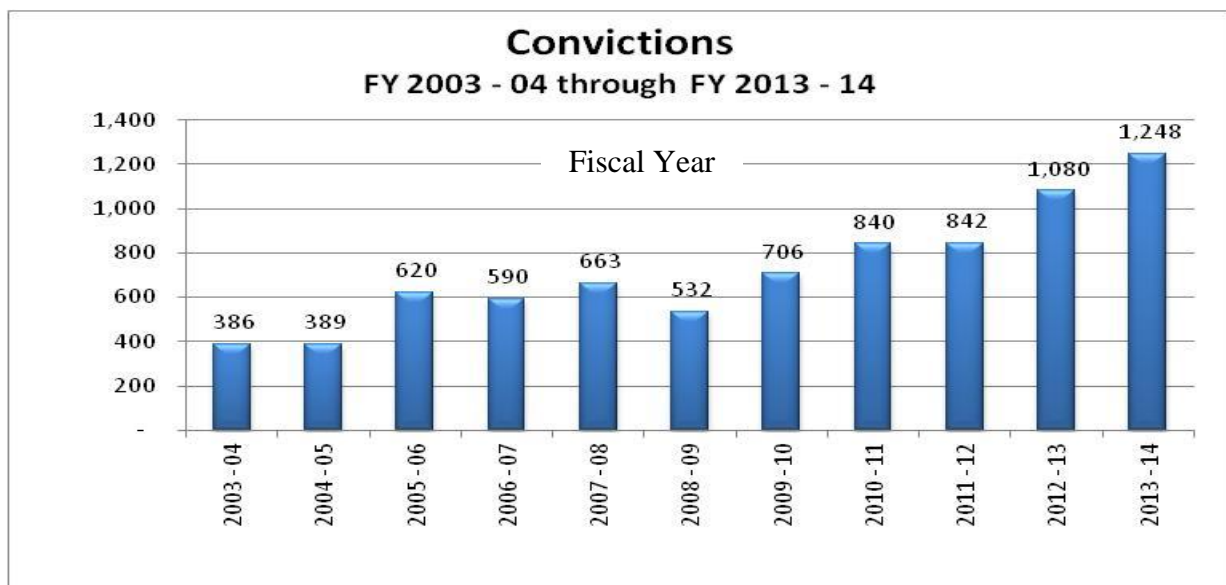
When taking into account court-ordered victim restitution, the division generates restitution to insurance fraud victims in excess of its budget on an annual basis. For the Fiscal Year 2013-14, the division’s budget was \$16.6 million. In contrast, the division requested \$53.7 million and secured \$50.1 million in court ordered restitution, accounting for no less than \$3.03 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 2003-04 and 2013-14, referrals increased 178.9 percent (*Figure 1-DIF*).



*Figure 1-DIF. Number of reported insurance fraud referrals received between FY 2003-04 and FY 2013-14. The division experienced a 178.9 percent increase during the ten year period: from 5,759 referrals received in FY 2003-04 to 16,060 received in FY 2013-14.*

The division continues to see increases in the number of convictions, which have increased by 223.3 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. The existence and effectiveness of our dedicated prosecutor program has also been a vital factor regarding convictions and division court ordered restitution figures.



*Figure 2-DIF. Convictions have increased by 223.3 percent over the past ten years.*

Cases presented for prosecution decreased slightly from 1,670 in Fiscal Year 2012-13 to 1,581 in Fiscal Year 2013-14, a 5.3 percent decrease. It is significant to note that the arrest to presentation ratio was extremely high in Fiscal Year 2013-14. There were 1,455 arrests to 1,581 presentations or 92 percent, which reflects the high quality of presentations that were made.

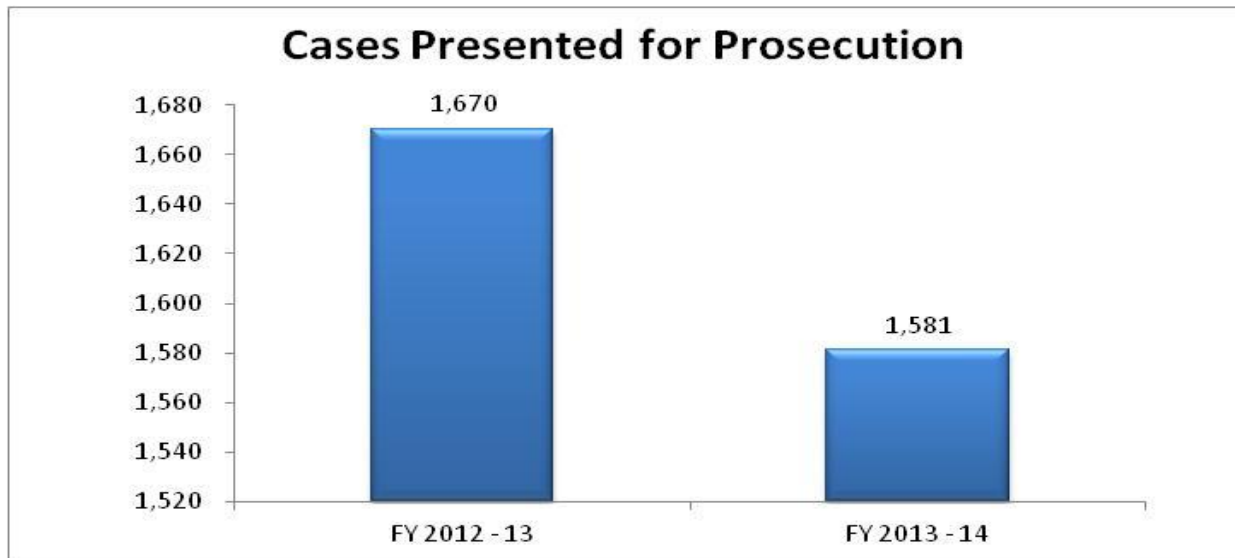


Figure 3-DIF

In Fiscal Year 2013-14, the division averaged the second highest amount of arrests per detective in its history. 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, money service businesses, clinic fraud, and other complex cases requiring tactical investigative strategies, use surveillance as a routine practice. Thirty-eight percent of the arrests made by division detectives during Fiscal Year 2013-14 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 4-DIF).

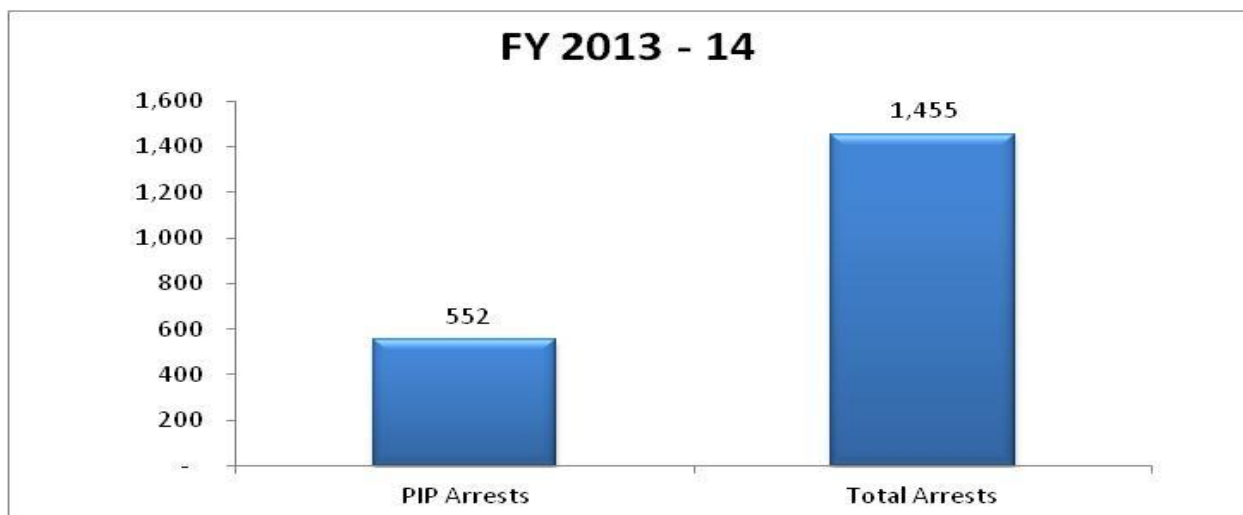


Figure 4-DIF. PIP arrests compared to all arrests for FY 2013-14.



The division's PIP fraud investigative efforts are enhanced through active participation with Medical Fraud Task Forces. 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.

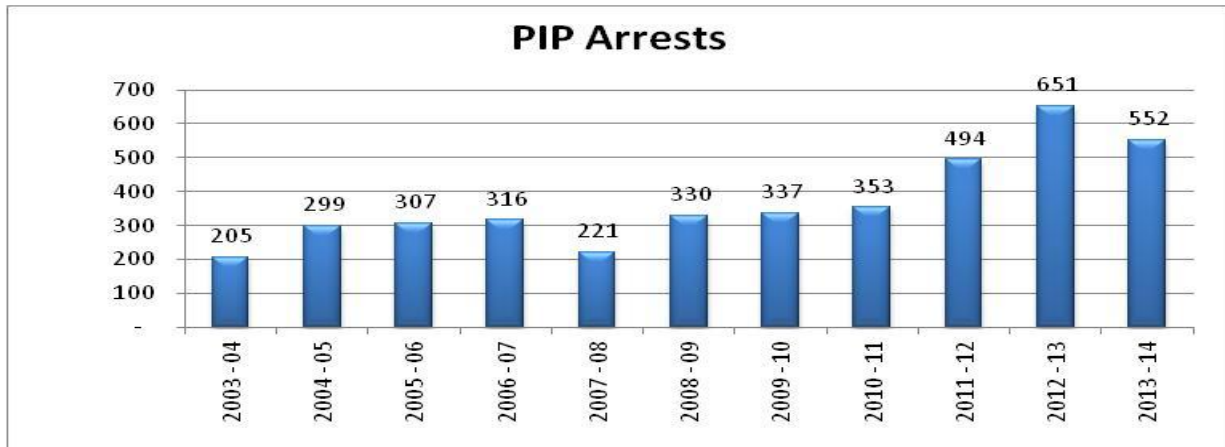


Figure 5-DIF. PIP Arrests increased 169 percent from FY 2003-04 to FY 2013-14

Workers' Compensation fraud continues to be a problem in Florida, accounting for 32.6 percent of the division's arrests. The division plays an active role in the Florida Workers' Compensation Task Force to stay abreast of emerging issues. This past fiscal year, the Bureau of Workers' Compensation Fraud has more arrests per detective than ever before.

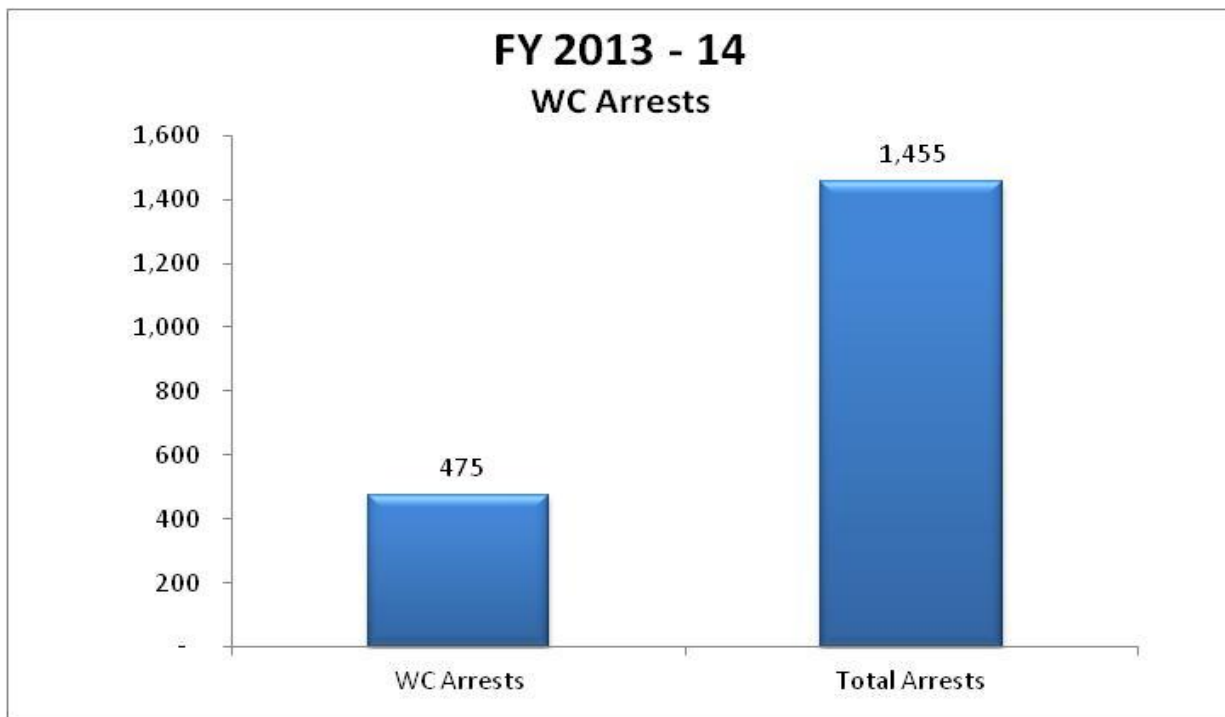


Figure 6-DIF. WC arrests compared to all arrests for FY 2013-14.

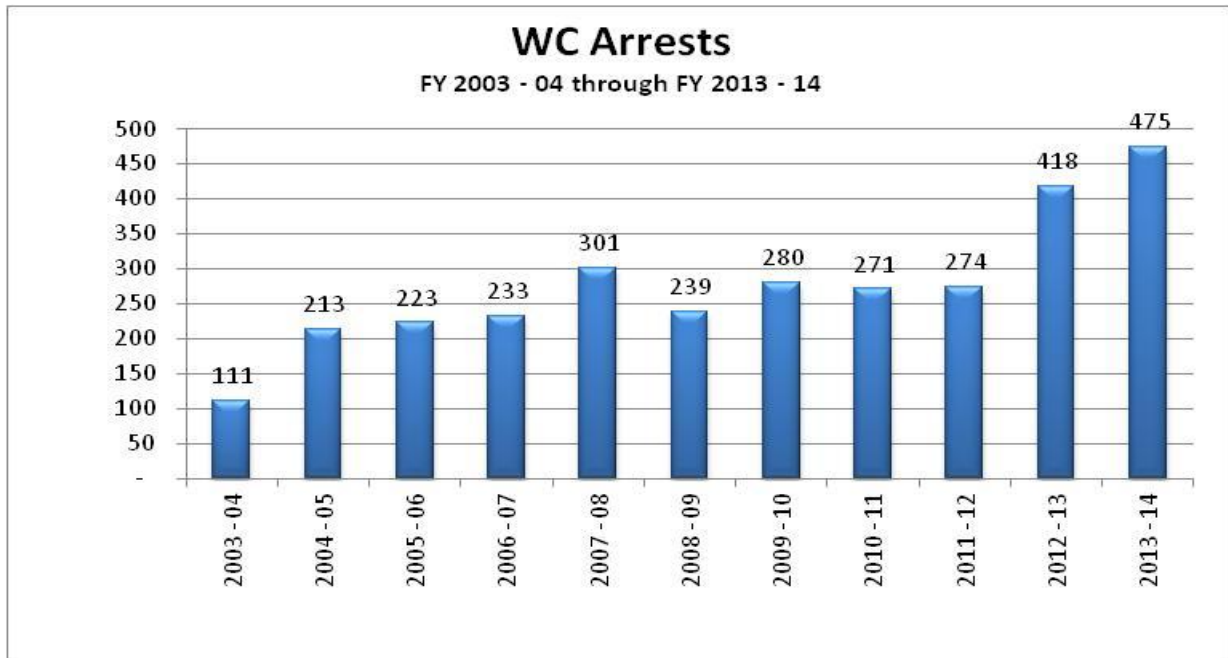


Figure 7-DIF. WC Arrests increased 327 percent from FY 2003-04 to FY 2013-14

Total arrests increased 153.9 percent over the last ten year period with Fiscal Year 2013-14 having 1,455 arrests.

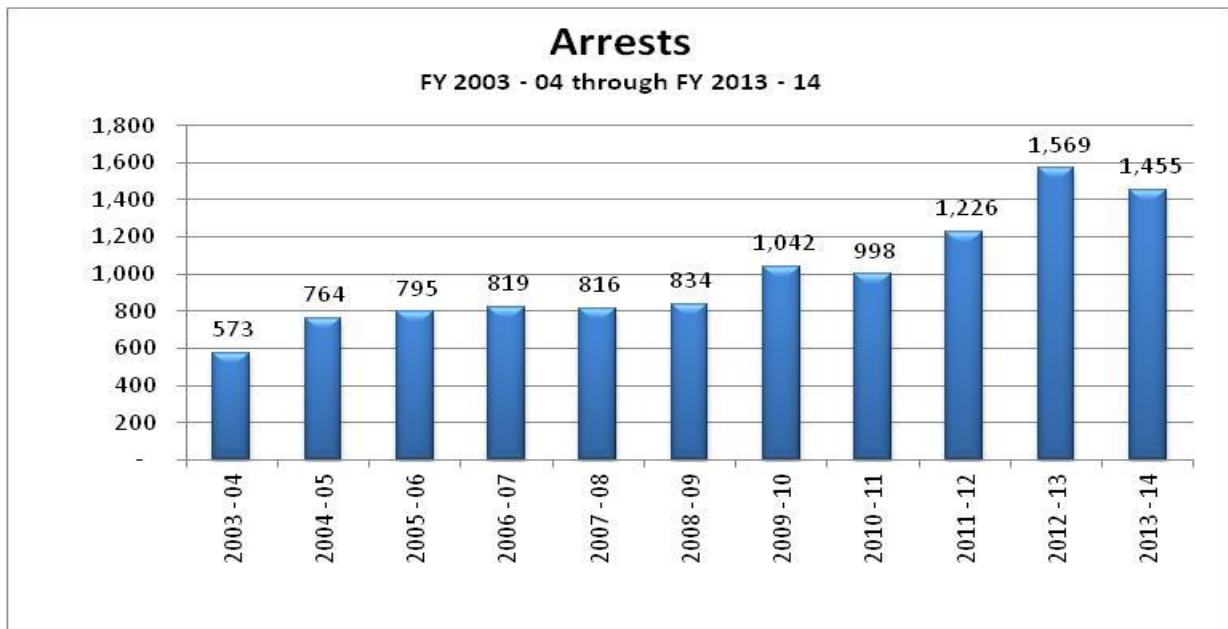


Figure 8-DIF. Arrests increased 153.9 percent from FY 2003-04 to FY 2013-14.

Fiscal Year 2013-14 was a very busy and productive year for the Division of Insurance Fraud. The division set an all time record with 1,248 convictions in general fraud and had 475 workers' compensation arrests.

The Division of Insurance Fraud continues to establish working relationships with sister law enforcement agencies. The rapport built with the Florida Highway Patrol and County Sheriff's Offices 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 all county sheriff's offices, with the intent of having cooperative efforts in all 67 counties. Great strides have been made with local regulatory agencies, sheriff's offices, and police departments reference local contractor sweeps across the state in effort to better protect consumers and ensure compliance requirements.

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 FUNERAL, CEMETERY AND CONSUMER SERVICES**

The Division regulates approximately 9,550 death-care industry licensees of various types. Over a thousand new applications for licenses are received each year. Most of these applications require checking criminal and disciplinary history backgrounds. Many applications require assuring compliance with detailed educational, technical training, and internship requirements. Many license categories also 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.

### **DIVISION OF PUBLIC ASSISTANCE FRAUD**

The mission of the Division of Public Assistance Fraud (DPAF) is to investigate fraud and abuse in the state-administered public assistance programs. Florida Statute 414.411 provides the Department of Financial Services authority for DPAF to conduct these investigations. On the State level, DPAF partners with the Department of Children and Families, The Agency for Health Care Administration, the Department of Health, and the Department of Education's Office of Early Learning. On the Federal level DPAF partners with the Department of Agriculture's Food and Nutrition Service, the Department of Agriculture's Office of Inspector General, and the Social Security Administration. The Division of Public Assistance Fraud investigates fraud committed by recipients, employees administering a program, and merchants or contractors. Successful investigations are referred to the Office of the State Attorney for criminal prosecution or the Office of Appeal Hearings for administrative disqualification. Public assistance fraud is a third degree felony if the aggregate value of benefit dollars lost exceeds \$200 within a consecutive 12-month period, a second degree felony if the aggregate value exceeds \$20,000 but less than \$100,000 and a first degree felony if the value totals \$100,000 or more. The areas of investigative activity for the DPAF unit include:

- Program recipient investigations (eligibility fraud)
- SNAP benefit trafficking investigations (recipient and retailer/merchants involved)

- Subsidized daycare fraud (recipient, program administrators and daycare providers)
- DCF employee fraud (committed against ACCESS programs)
- Under special agreement with the Social Security Administration, Social Security disability fraud investigations

**Trends:** Over the past year, DPAF employed a specialized squad of ten Other Personnel Services (OPS) Crime Intelligence Technicians (CIT) to data mine historical transaction reports from stores whose owner had been disqualified from participating in the Supplemental Nutrition Assistance Program (SNAP) due to suspicion of SNAP benefit trafficking. The CIT squad identified and initiated procedures that administratively removed 1,758 recipients from the SNAP rolls for SNAP benefit trafficking, resulting in savings and SNAP dollars that can be recovered totaling over \$4.5M. While this effort has proven beneficial, the SNAP rolls remain extremely high in Florida and eligibility fraud in SNAP and other programs DPAF investigates remains a concern. Increasing emphasis on programs with limited funding such as subsidized daycare has become a higher priority than those with virtually unlimited funding. Over the past year, DPAF increased the number of cases it completed on daycare fraud by nearly 20 percent. Notwithstanding that increased emphasis, the number of children awaiting subsidized daycare benefits continued to grow from FY 2012-13 to FY 2013-14.

**Conditions:** Florida has the third largest population of public assistance recipients in the nation. Unlike other states, Florida has not replaced welfare fraud investigators eliminated during lean budget years. According to the US Government Account Office, the ratio of SNAP households to investigators in Florida grew from 7,705 households per investigator in FY 2009-10 to 19,635 households per investigator in FY 2013-14. Florida's fraud rate was determined to be 7.5% by an independent study conducted in FY 2012-13. That rate applied to the ratio of households to investigator equates to 1,472 households defrauding the state per investigator; equivalent to 20 years of cases for each investigator to investigate. Until additional investigative staff is made available, the Division will only be able to chip away at the problem of fraud in these programs. DPAF continues to seek ways to leverage automation to maximize its efforts with existing staff. DPAF recently completed development of its own internal wage matching process to identify cases of unreported or under-reported income by those receiving benefits from state public assistance programs. This process holds the potential to identify more egregious cases of eligibility fraud to assign for investigation, allowing DPAF to focus its diminished investigative resources on the largest identifiable cases of fraud.

Between FYs 2013-14 and 2014-15, the Division will also experience a significant number of retirements in addition to the normal departures it experiences. There will be an impact to the quantity of cases produced due to the loss of experienced investigative and supervisory staff. A marked reduction in the number of investigative cases is anticipated with new staff being trained and oriented to the Division's mission and the complexities of public assistance fraud investigations by new supervisors. Reorganization is being implemented to provide better oversight and mentoring to new supervisors and the newer investigative staff by the few remaining experienced supervisors. By the end of FY 2014-15, every Division field office supervisor will have been replaced due to retirement or reorganization.

## **DIVISION OF WORKERS' COMPENSATION**

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.

## 2) PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

### OBJECTIVE 2A: Provide responsible stewardship of taxpayer dollars.

#### 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 2,618 full time equivalent positions and has 170 temporary employees at the time of this report, depending upon budget and need. The Division of Administration operates with 105 of these positions. Additionally, for FY 2013-14, DFS/OFR/OIR has a total combined budget of \$291,373,596. DFS has 27 leases statewide for a total of 765,581 square feet and owns two facilities: State Fire Marshal Arson Lab and the Fire College.

The Department has been through a number of reorganizations and mergers in the recent past. In 2002, the Division of Workers' Compensation within the Department of Labor was moved to the Department of Insurance. In 2003, the Department of Insurance merged with the Department of Banking and Finance, to create the current Department of Financial Services. Business processes from three different entities were merged into one agency. The Department continually reviews its business processes in order to ensure efficient use of human, operational and financial resources.

***Bureau of Financial and Support Services.*** The Bureau of Financial and Support 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 include 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.

***Bureau of General Services.*** The Department has implemented improvements with three areas of emphasis in DFS 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 TREASURY

***Investment Section:*** During the period July 1, 2013, through June 30, 2014, the Treasury distributed earnings for the period of \$229.5 million. These earnings were down from the previous year's distribution of \$359.4 million. The decrease was due to the current economic conditions and the low interest rate environment.

While the earnings were down, the Treasury was still able to exceed its performance benchmark by 9.42% for the one year and 10.10% for the three year periods.

**Bureau of Funds Management** During the period July 1, 2013, through June 30, 2014, Treasury's core accounting processes included: apportioning interest, issuing Certificates of Deposit, submitting ratings agency data, bank reconciliations, and investment reconciliations. The Bureau of Funds Management scored an average of 100% in completing the core accounting processes within the timeframes established for performance measures. The performance measure score was consistent with the previous year's average score of 100%. The score is a reflection of staff knowledge through training and experience.

**Bureau of Collateral Management.** During the period July 1, 2013, through June 30, 2014, Treasury's Bureau of Collateral Management processed nearly 23,000 transactions involving collateral from a variety of regulated entities. Ninety-six percent (96%) of these transactions were completed within the 3 day performance standard. This performance was slightly below the desired standard of 97% due to some personnel changes among our collateral transactions staff. Regarding the Bureau's 2<sup>nd</sup> performance measure of the percentage of qualified public depository financial analyses completed within 90 days, the Bureau scored 100% on this measure, matching its performance score of previous years.

#### **DIVISION OF RISK MANAGEMENT**

The Division is authorized to administer the State Risk Management Trust Fund (Ch. 284, F.S.) and to handle claims on behalf of state agencies for casualty and property lines of insurance coverage (*Table 1-RM*). The Division has 113 employees and is organized into three (3) bureaus under the Office of the Director. The Bureau of Risk Financing and Loss Prevention, the Bureau of State Employee Workers' Compensation Claims, and the Bureau of State Liability and Property Claims administer the State Property and Casualty Claims Program. The program provides managerial and actuarial information on loss payments and makes timely payments to claimants and vendors. Claims are paid and payment information tracked using a risk management information system. An adjuster authorizes a claim related payment and the Division's financial section processes the payment. During FY 2013-14 contracted check production services for medical service billing were moved in-house. In-house check production has increased annual payments issued through the Division's Revolving Fund from approximately 63,000 payments to approximately 91,000 payments.

<b>Claim type</b>	<b>Number of claims reported FY 2013-14</b>	<b>Number of claims with payment FY 2013-14 (for claims reported in all years)</b>	<b>Total loss payments for FY 2013-14 (for claims reported in all years)</b>
Workers' Compensation	11,842	14,704	\$101,462,156
General and Auto Liability	1,687	1,540	\$7,862,515
Federal Civil Rights & Employment Discrimination	431	937	\$6,299,292
Property	147	157	\$141,091
<b>Total</b>	<b>14,107</b>	<b>17,338</b>	<b>\$115,765,054</b>

*Table 1-RM. Claims reported, claims with payment, and total loss payments by claim type for FY 2013-14. Claim data from STARS; loss payments from FLAIR fund balance report.*

The total loss payments for FY 2013-14 decreased \$11,332,035 from the \$127,087,089 paid in FY 2012-13. The decrease of 8.9% is partially attributed to payment processing issues resulting from the transition to a new contracted medical bill review provider and the in-house production of checks. In addition to the decrease in claim costs as described above, the number of workers' compensation claims and liability claims reported has also declined. Reported workers' compensation claims decreased by 3.4%, and reported liability claims decreased by 8.3% from FY 2012-13. Federal civil rights claims and property claims are greatly impacted by external forces such as catastrophic natural events, legislation, and case law. As such, each can vary greatly from year to year. In FY 2013-14, reported federal civil rights claims decreased by 3.4%, while reported property claims increased by 9.7% due to two fairly significant flooding events.

Operational costs have increased by 7.9% from \$52,052,565 in FY 2012-13 to \$56,148,214 in FY 2013-14 for a difference of \$4,095,649. Cost increases were primarily in the areas of contracted services, legal services, and Division of Workers' Compensation assessment fees.

To better manage and safeguard state resources, the Division is implementing several initiatives in the areas of contract management, data collection, and claims management.

The Bureau of Risk Financing and Loss Prevention is building upon recent improvements in contract administration by unbundling current contracted services as well as consolidating contracts. During FY 2013-14, the Bureau re-procured its medical bill review services in September 2013 and its medical case management services in January 2014. These re-procurements allowed medical bill review services that had been provided by three contractors and medical case management services that had been provided by two contractors to be consolidated into one contract for each service. Over the past 9-12 months, the unbundling of the services through separate contracts has proven to be beneficial in terms of better internal control regarding medical bill review and administrative oversight of service provisions and charges.

The State Property Claims Unit has completed an extensive data collection project that collected not only more data, but more accurate data on insured state buildings and contents. During FY 2013-14, the Unit identified and updated 25 key data fields on over 21,000 insured property locations for 48 insured state agencies. Accurate and complete data on our insured locations helps manage the property program by assuring that insured locations are adequately insured in case of loss, fairly rated for insurance premium purposes, and excess insurance underwriters have the data they need to quote excess insurance coverage rates. The Division currently insures 21,199 locations, \$22.2 billion total insured value, throughout the State of Florida. The Division's excess insurance property broker has advised that more accurate and complete data might increase interest in our program from the excess insurance companies who write our excess insurance coverage, which could result in the potential for premium cost savings. In February, 2014 the Division realized another modest decrease in its premium rate. As a result, the Division was able to increase coverage for named wind and flood perils by \$4 million and increase total insurable values by \$320 million for approximately the same premium amount as 2013.

During FY 2014-15, the Division will be working with the Florida State University Center for Florida Catastrophic Storm Risk Management. The Center received additional funding from the 2014 legislative session to inspect and update construction data on state university and state



agency buildings. As a result of this project, the Division is expecting to receive updated construction data on many state-owned buildings.

The Division is in the process of replacing its current Risk Management Information System (RMIS). The RMIS NextGen Project was initiated to ensure the Division continues to accomplish its mission of providing participating state agencies with quality technical assistance in managing risks and providing insurance coverage for workers' compensation, general liability, auto liability, federal civil rights and employment discrimination, and property liability. The Division utilizes this system to process and pay claims, calculate insurance premiums, maintain covered property and historical claims data used to project claim liabilities and future expenditures, as well as to maintain vendor files and other information necessary to comply with federal laws and IRS regulations. During FY 2013-14, the Division executed a contract and began the design and implementation phase of the project.

### **DIVISION OF REHABILITATION AND LIQUIDATION**

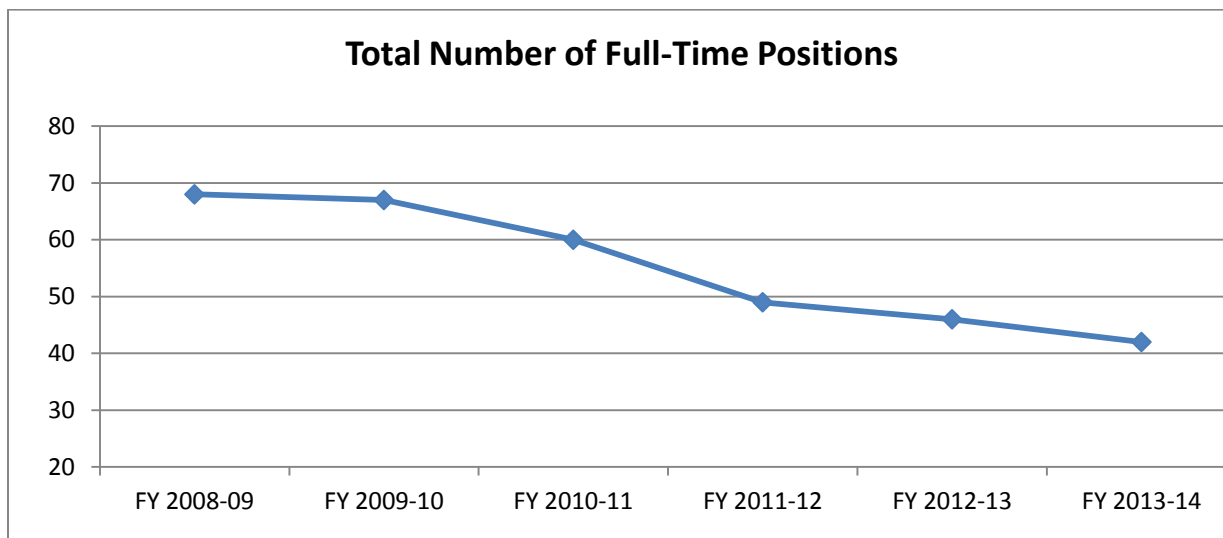
Pursuant to Chapter 631, F.S., the Department serves as the court-appointed receiver of financially impaired or insolvent insurance companies and to protect consumer interests. The Division of Rehabilitation & Liquidation works to improve all phases of its operation in an effort to manage receiverships in a manner that yields the maximum value to claimants and the public. 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 FY2013-14, the Department became receiver of two insurers – a property and casualty insurance company and a 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.

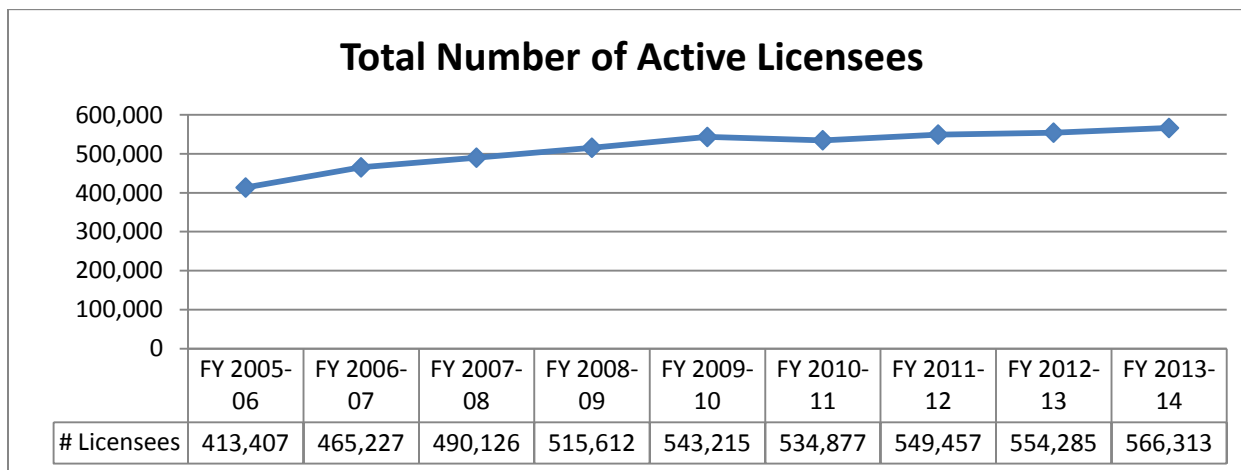
Based on trends across all industry segments, the Division expects that insurers will be placed in receivership at or near the same rate of four per year over the next five years. Absent a catastrophic event in the property insurance market, no major increase in the number of receiverships is expected.

### **DIVISION OF AGENT AND AGENCY SERVICES**

***Bureau of Licensing.*** The Bureau continues to streamline its work through automation and process efficiencies, in an effort to accomplish “more with less.” As depicted in the graph below, the number of full-time positions since Fiscal Year 2008-09 has dropped from 68 to 42, a 38 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.



In Fiscal Year 2013-14, the Bureau assisted and monitored 342,137 licensees with at least one active appointment and 224,176 licensees not required to be appointed or not holding an active appointment. The Bureau processed 102,829 new applications, and processed 1,730,733 appointment actions (new, renewals and terminations). There were 78,759 new licenses issued in Fiscal Year 2013-14, producing a total of 566,313 active licensees who hold a total of 745,604 licenses.



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 faster 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.

The Bureau is responsible for overseeing the examination process for insurance representative licensing. There are thirteen licensing examinations, and approximately 36,140 examinations were administered in Fiscal Year 2013-14. The Bureau also approves and monitors pre-licensing and continuing education providers, courses, and instructors. There were 392,313 individuals who completed pre-licensing and continuing education courses.

**OBJECTIVE 2B: Provide transparency through the effective use of technology.**

**OFFICE OF GENERAL COUNSEL**

*Public Records Unit:* Prior to September 2011, the Document Processing Section in the Division of Administration coordinated the process for responding to public record requests submitted to the Department. In September 2011, the Document Processing Section was recreated as the Public Records Office and made a unit within the Office of the General Counsel. Now named the Public Records Unit (PRU), this unit coordinates multi-divisional requests, assists divisions with legal issues, creates and updates Department manuals and policies relating to public records law, and works with divisions to establish performance measures for public records request processing times.

As public record requests may be received in any division, each division and unit in the Department has an employee assigned as Public Records Coordinator and an employee assigned as back-up coordinator. Division coordinators work under the procedures established by the PRU. Division coordinators track requests, provide requesters with invoices for copying costs and other statutorily-authorized fees, review and redact responsive records themselves or assign that function to other Division employees, and release records upon receipt of payment.

The Director of the PRU is an attorney who reports directly to the Director for the Division of Legal Services. This change was made to provide greater oversight of the public records process, improve Department compliance with public record requirements, and provide detailed employee training in public records requirements. The PRU is also involved in various projects related to public records, such as the Florida Accountability Contract Tracking System (FACTS) and the Instant Public Records project, to improve overall agency transparency.

As agencies and the public rely more on technology to conduct day-to-day business, the number of electronic records increases. Due to this shift, the public expects electronic records to be more rapidly available. The PRU is continually updating the Department's public records procedures to facilitate compilation, review, redaction, and provision of records in a paperless, electronic environment.

The PRU also works continually with the Division of Information Services (DIS) to improve the availability of public records on the Department's website and make information about public records and links for submitting public records requests easier to access. The PRU and DIS have plans to work with the individual divisions to identify the top ten requested records in each division and to determine which of those records can be posted on the website. Once these records are identified, the records will be categorized by type on an "Instant Public Records" page and obtainable through links directly to the records. This project should reduce the number of public record requests, ease the location of records by requesters, and reduce costs for the Department and requesters.

To ensure that all new Department employees are aware of public records laws and procedures, the Director of the PRU presents basic information regarding the public records law in Florida and its application to Department records at each New Employee Orientation. Further, the PRU intends to develop a convenient course that can be used to refresh all agency employees' knowledge about public records requirements and the Department's process for responding to public records requests. In addition, training regarding the use of electronic tools to review and redact public records has been added 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 includes use of Word, Adobe Acrobat, Excel, and Outlook files.

## **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 41,865 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.

In 2013, FACTS was enhanced to include the purchase order module.

In 2014, FACTS was enhanced to include the grant module.

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 collection of ten years of historical contract data to meet statutorily mandated record retention requirements.

## **DIVISION OF ACCOUNTING AND AUDITING**

The Chief Financial Officer strives to improve accountability by providing transparency on government spending. The Department has established several transparency applications on its website. The "Your Money Matters" application provides a variety of financial tools and resource guides for individuals and businesses. The "Florida Accountability in Contracts Tracking System (FACTS)" application is a comprehensive online tool that offers visibility into the State's contracts, which entities the State has entered into agreement with for goods and services and the prices being charged for those goods and services. The Department is expanding the FACTS functionality to include images of all contracts and information associated with the grant agreements. The Department has developed uniform charts of accounts that are intended to improve transparency by capturing and reporting financial information consistently and comparably by state agencies, schools, colleges, universities, and local governments.

### 3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

#### OBJECTIVE 3A: Improve service to customers

##### DIVISION OF ADMINISTRATION

**Bureau of Human Resource Management.** Human Resource Management (HR) provides leadership in a contemporary human resource program while continually striving to enhance services provided. HR administers a comprehensive program that includes recruitment, staffing, career enhancement, talent planning, 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 last fiscal year HR processed 1,001 hiring appointments, 3,385 classification or organization changes, 1,852 performance reviews, and 99 employee/labor relations cases. The Office currently employs 16 full-time employees. Learning and Development was moved under the Bureau of Human Resources Management in early 2011 and consists of 4 full-time employees.

HR 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. HR 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.

**Office of Learning & Development (L&D).** Learning & Development 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;
- 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. 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 serving over 4,000 attendees, including employees from other agencies. L&D currently employs 4 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 fourth year for the 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 fifth 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.

## **DIVISION OF LEGAL SERVICES**

***Service of Process Office:*** Service of process on insurance companies has been historically done by hard copy, in duplicate to the Department's Service of Process Office, totaling five million pages per year. In past years, two and one half (2.5) million pages per year were forwarded to these companies by postal mail from the Department. The Division scans its copy of the 2.5 million pages for records retention. Since we 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 the Department to one copy of the process. This change reduced by one half the number of pages submitted to the Division and also reduced 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 3-5 days has been eliminated. The Division met its goal of providing access of electronic notification and availability to at least 80% of all insurers served by July 1, 2013 and is currently serving over 99% of the cases electronically.

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 have allowed 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 benefits the plaintiffs, consumers and courts by allowing extra response or settlement time, prior to or in lieu of further litigation.

## **DIVISION OF INFORMATION SYSTEMS**

Since 2011 the Division of Information Systems (DIS) has been working a multi-year strategic plan to reduce costs and increase customer service to support the transformation of how the Department does business.

In Fiscal Year 2011-12 DIS rebuilt the server and network infrastructure for the Department, including upgrading and stabilizing the email, telephone and directory services.

In Fiscal Year 2012-13 DIS implemented an effective disaster recovery strategy to ensure business continuity, data integrity, and rapid recovery of all supported DFS applications and eliminated several redundant systems. DIS previously relied upon a disaster recovery contract with a high cost, off-site, out-of-state contractor that provided equipment in the event of a complete system failure due to natural or man-made disasters. Unfortunately, data was not able to be replicated on a continuous basis and DFS was at risk of losing up to 24 hours of transaction history should a disaster have occurred. DIS accomplished its strategic plan of effectively managing disaster recovery services using State of Florida resources by leveraging in-house technical expertise to provide business continuity services that will result in long-term savings compared to the existing approach.

In Fiscal Year 2013-14 DIS will continue to consolidate and reduce application redundancy to maximize efficiency and effectiveness while reducing costs. DIS is currently planning for the elimination of redundant systems and resources, streamlining business processes, and building a shared common vision among DFS business units. To provide the framework necessary to maximize efficiency, effectiveness and to cost reductions, DIS will focus on major IT applications that cross divisions. Initiatives include modernizing the division's document management systems, procuring a new Risk Management Information System, complying with activities pursuant to funds in Specific Appropriation 2,279 regarding the FLAIR Study, improving the customer experience and increasing processing time for the Unclaimed Property Management System, and continuing to eliminate redundant systems.

In Fiscal Year 2014-15, DIS plans to pursue a single licensing system feasibility study, implement a new Risk Management Information System, pursue a competitive solicitation based upon the results of the FLAIR Study, continue to modernize and improve FLAIR processes and documentation, modernize the Division of Treasury's Cash Management Application System, implement a licensee regulation module within the Division of Agents and Agency Services licensing system, introduce additional granularity into the existing disaster recovery services,



continue to enhance the Unclaimed Property Management System, and proactively continue to improve the monitoring and availability of DIS services.

In Fiscal Year 2015-16, DIS will complete the implementation of the new Risk Management Information System; continue implementing the FLAIR/CMS Replacement Project; continue modernizing and improving FLAIR processes and documentation; continue to add functionality to the licensing systems; complete the regulation application within the Division of Agents and Agency Services; continue to refine disaster recovery services; and complete the e-Claims portion of the Unclaimed Property Management System enhancement project.

Through its efforts, DIS will contribute to DFS' mission by accomplishing the ultimate goal of increasing service to the Department while reducing costs to the state.

### **OFFICE OF 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, firsthand, 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 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 savings income by contributing to a variety of investment and bank products on a tax-deferred basis. The Bureau's objective is to assist state employees in achieving financial security in their retirement years.

Three trends impacted the Florida's Deferred Compensation Program. First, as baby boomers hit retirement age and government downsizes its workforce, the number of participants has decreased. Recently, as participants leave employment due to retirement, they are approached by

private investment firms to roll their deferred compensation assets out of the program to products offered by the firms. Second, when the economy trends downward, participants are likely to decrease or stop their deferrals as they experience an increase in living costs, loss of jobs or are just wary of investing. Lastly, participants are now required to contribute 3% of their salary to their state pension, they have experienced an increase in their medical insurance costs and the payroll tax reductions have expired. Because of the trends identified above, participant contributions have declined on average 4% over the past years.

To address these concerns, the Bureau of Deferred Compensation is stepping up its marketing and educational efforts. The Bureau has developed a new website offering an EZ enrollment form which is easier to complete and allows online enrollment. An increase card for contributions or an EZ enrollment form will accompany the different mailers sent out from the Bureau. The Bureau's communications manager is increasing his outreach to the State agency human resource officers and Universities to encourage them to promote the deferred compensation program to all their employees.

The Bureau will continue to create, develop and implement strategies to encourage participants to increase their deferrals and for non-participants to enroll in order for employees to achieve their financial retirement goals.

#### **DIVISION OF STATE FIRE MARSHAL**

***Bureau of Fire Standards and Training (BFST).*** The Bureau is responsible for training and certification standards for all career and volunteer firefighters, fire inspectors, and fire instructors and to establish standardized curricula for use by certified fire training centers, colleges, and other agencies throughout the state. The Bureau issues Certificates of Competency, per the Florida Administrative Code (FAC), for fire officers, fire investigators, hazardous materials technicians, and other advanced and technical specialties. The Bureau conducts examinations for these certifications and certificates and maintains all required records. Additionally, the Bureau develops model curricula to be used by training centers and colleges and operates the Florida State Fire College, which enrolls roughly 6,000 students in 297 classes per year. The BFST provides regulatory authority and certification, renewals of certification, and testing for approximately 50,000 firefighters in over 625 fire/rescue departments in Florida. We also provide curriculum support, administrative and regulatory authority and certification testing for (37 however only 28 have passed their inspections) certified fire training centers providing state certified training. The Bureau also administers the Fire Safety Inspector.

The Bureau operates the Florida State Fire College located near Ocala, providing extensive training for paid and volunteer firefighters (*Figure 1-BFST*). The Bureau started to see an increase in the number of total exams in 2013-14 which will continue to increase with the addition of the retention written exam, and the Firefighter II exam is now two separate exams. The practical portion of the Firefighter II exam will continue to be conducted by the Bureau while the written portion will be administered through PearsonVue, a private testing contractor.

With the change in testing procedures, the number of exams in the table below is based on the number of practical exams administered by the Bureau. There is a significant drop in the number of retention exams due to legislative changes which placed retention exams on hold from July of 2013 until May 2014. Also, the length of certification increased from three to four years. Retention exams are required of firefighters who have not been actively employed as a career or volunteer firefighter for a period of 4 years.

<b>Fiscal Year</b>	<b>Total Exams</b>	<b>Firefighter II Exams</b>	<b>Retention Exams</b>
2003-04	7,885	4,623	70
2004-05	9,765	5,586	97
2005-06	8,429*	3,353*	64
2006-07	10,096	4,840	92
2007-08	8,173	3,381	111
2008-09	8,824	3,526	126
2009-10	8,618	3,270	181
2010-11	7,112	2,679	159
2011-12	5,972	1,952	252
2012-13	5,675	1,907	297
2013-14	6,371	1,869	29**

*Figure 1- 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.*

*\*\*Currently firefighters who were not certified on July 1, 2013 are going through the retention exam under stipulation agreements.*

### *Health and Safety*

When the Department of Labor and Employment Security was dismantled in 2002, Florida's firefighters were left without health and safety administrative rules or an oversight body. The State Fire Marshal (SFM) addressed the void by utilizing two fulltime employees and developing emergency rules to establish itself as the regulatory authority. The Bureau of Fire Standards and Trainings Health and Safety Section is tasked with improving firefighter safety and health by reducing the incidence of firefighter accidents, occupational diseases, and fatalities. The Bureau's approach to accomplishing this is by working cooperatively with our firefighters, fire departments and insurance underwriters toward these common goals by providing guidance, resources, investigations and inspections.

The Bureau would like to accomplish more, specifically in the areas of inspection and accreditation. For example, firefighter line-of-duty deaths are anticipated to correlate with failure to follow best safety practices. However, the Bureau does not have the resources to collect and analyze the data needed to study preventive strategies.

\*\* This section has added four (4) OPS employees to assist with the workload.

### *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 June 2014, the Bureau has 35 programs accredited by the National Board on

Professional Firefighter Qualifications. The Bureau is scheduled for its reaccreditation visit in the fall of 2014, and it is also anticipating the addition of five more accredited certifications of Fire Marshal, Fire Officer III, Fire Officer IV, Incident Safety Officer, and Health and Safety Officer.

### **DIVISION OF RISK MANAGEMENT**

With the rising cost of claims throughout all coverage lines, the Division began concentrating efforts in 2008 to focus attention and resources on preventing and reducing claim costs and frequency. Since that time, the Division expanded the safety program to a program focused on workplace safety, loss prevention, and claim-cost mitigation. The Loss Prevention Section consists of seven (7) positions that provide targeted training and consultation in the development and maintenance of comprehensive loss prevention programs to all state agencies, state-run universities, and other insured entities. Since FY 2010-11, claim frequency throughout all coverage lines has shown an annual reduction rate of 6.78%. Statewide workplace accident and injury claims have decreased by an average of approximately 927 claims annually. The number of reported occupational injuries per 100 full-time employees is down from 7.0% in FY 2009-10 to 5.7% in FY 2013-14.

The Division is addressing the needs of its insured entities on a variety of levels. Statewide loss prevention standards were written and adopted in 2010. The State Loss Prevention Standards were intended to provide a general foundation for agencies to utilize in the development or enhancement of their comprehensive loss prevention programs. Three (3) loss prevention employees are authorized by the US Department of Labor to train employees, agencies, and universities in all areas of general industry occupational safety subjects. Working with a small group of agency and university participants, the Loss Prevention Section has published return-to-work-program guidelines to assist in addressing two (2) of the largest cost drivers in workers' compensation claims: medical costs and indemnity benefits for time away from work.

### **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 approximately 700,000 Floridians. Assistance is provided primarily through the statewide consumer assistance toll free helpline and the Division's website, email, and direct mail correspondence. Approximately 76% of the calls received through the toll free helpline are insurance-related. 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.

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. The Division continues to explore and implement new call center technology and functionality to improve quality service and the customer experience.

As emphasis continues to be placed on 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. The Division continues to review and refine the CCRS process to improve 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 through the Division's website. It was developed as a self-help process to allow consumers access, 24 hours a day.

Consumer Services also advocates on behalf of its consumers. The Division is responsible for reporting potential regulatory violations to the appropriate authorities. From July 2013 to June 2014, the Division sent 680 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. 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 FUNERAL, CEMETERY AND CONSUMER SERVICES**

When the Division was merged into the agency, it was estimated that 35 staff would be needed, and the legislature approved that number of FTE positions. However, due to funding limitations, the Division has never been able to fill more than 25 of those positions and due to budget reductions the Legislature reduced allowed staffing to 22 FTEs.

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 DFS, 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 regulatory scheme, the Division and the Board are partners in the regulatory process. The requirement that most 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 WORKERS' COMPENSATION**

The 2014 Legislative Session brought about more changes to the Workers' Compensation Law, effecting the Division of Workers' Compensation (DWC or Division). HB 271 revised the Stop-Work Order process, amended the statutory penalty calculation for employers who are found out of compliance, and revised the Special Disability Trust Fund (SDTF) assessment rate calculation. The Division actively supported the bill, and it was part of the CFO's legislative package. The bill specifically:

- Allows the DWC to conditionally release an employer from a Stop-Work Order if the employer comes into compliance and pays a \$1,000 down payment on the penalty.
- Requires that the Stop-Work Order be reinstated if the employer does not pay the penalty in full or enter into a periodic payment plan with the Division within 28 days of service of the Stop-Work Order.
- Allows employers 10 business days instead of 5 business days to provide payroll and business records to the Division.
- Revises the penalty amount assessed to non-compliant employers.
- Provides a credit for first-time offenders, equaling the initial payment of workers' compensation insurance premium, to be applied to the penalty.
- Revises the Specialty Disability Trust Fund assessment rate calculation which allowed the Division to use the fund balance to pay off the reimbursement requests that were awaiting payment, without impacting the assessment rate.

Three state Supreme Court cases could have an adverse impact on Florida's system. In *Westphal v. City of St. Petersburg*, the Court will attempt to reconcile the benefit amount an injured employee should receive after exhausting the 104 weeks of temporary total benefits, but hasn't reached maximum medical improvement. In *Morales v. Zenith Insurance Company*, the Court is deciding whether an employee who has received workers' compensation benefits can still sue the employer under the employer's liability section of the policy, thus voiding Florida's exclusive remedy provision. Finally, in *Marvin Castellanos v. Next Door Company/Amerisure Insurance Co.*, the Supreme Court will consider the constitutionality of the limits placed on attorney fees.

The DWC has become more sophisticated in using internal and external data to help identify potentially non-compliant employers. The DWC has instituted an aggressive outreach and educational campaign to inform businesses of the workers' compensation coverage requirements. These data analytics initiatives have given the DWC an opportunity to mail letters and notices to employers informing them of the workers' compensation coverage requirements and the consequences of not having coverage for their business. Since instituting this campaign, 965 employers have purchased workers' compensation insurance covering 9,645 employees and adding another \$22 million in premium.

The DWC has instituted a triage model to improve the insurance industry's electronic submission acceptance rate for proof of coverage, claims, and medical bill filings. The triage model identifies patterns of electronic filing errors for specific data submitters, which then allows the DWC to provide customized, one-on-one training for each data submitter to resolve their errors.

The DWC began an educational initiative on July 1, 2014, to increase the accuracy of payroll reporting from self-insurers, which directly impacts the amount collected in assessments by the Division. By strategically targeting self-insurers based on their Anniversary Rating Date, the Division hopes to see improvement in two major categories where self-insurers have demonstrated deficiencies on past payroll audits. The education program is comprised of webinars, educational packets, outreach phone calls and on-site visits.

## **4) KEEP MONEY IN THE POCKETS OF FLORIDIANS**

### **OBJECTIVE 4A: Foster economic prosperity.**

#### **DIVISION OF ACCOUNTING AND AUDITING**

**Bureau of Unclaimed Property:** Currently, the Chief Financial Officer holds unclaimed property accounts valued at more than \$1 billion, mostly from dormant accounts in financial institutions, insurance and utility companies, securities and trust holdings. In addition to money and securities, unclaimed property includes tangible property, such as watches, jewelry, coins, currency, stamps, historical items and other miscellaneous articles from abandoned safe deposit boxes. Proceeds from auctions and unclaimed financial assets are deposited into the State School Fund, where it is used for public education. The state provides this service 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 (Ch. 717, F.S.) and the existence of claimable accounts. Not all institutions required by statute to report unclaimed property do so. The Bureau continually works to improve efficiencies in receiving unclaimed property from holders, and in returning the funds to rightful owners.

#### **DIVISION OF INSURANCE FRAUD**

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 2013-14, the division's budget was \$16.6 million. In contrast the Division requested \$53.7 million and secured \$50.1 million in court ordered restitution, accounting for no less than \$3.03 in restitution dollars ordered 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.

#### **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, the Your Money Matters website and the Operation S.A.F.E. (Stop Adult Financial Exploitation) 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 is also responsible for providing and offering financial education to ensure consumers have the information and resources they need to establish a stable financial future. During the previous 12 months, the Division created Operation S.A.F.E., which is Stop Adult Financial Exploitation, to ensure that Florida's seniors have the information they need to make informed financial decisions and protect themselves from financial fraud, scams and identity theft. More than 12,000 seniors have been educated on how to protect themselves from becoming a victim of financial exploitation through Operation S.A.F.E.

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 includes 25 educational videos and 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.



## TASK FORCES, STUDIES AND INITIATIVES

### FIGHT FRAUD, WASTE AND ABUSE

**Medicaid and Public Assistance Fraud Strike Force.** Chapter 2010-144, Laws of Florida, created the Medicaid and Public Assistance Fraud Strike Force to increase the coordination and effectiveness of programs and initiatives that work to prevent, detect and prosecute Medicaid, as well as public assistance fraud. CFO Atwater serves as chair and Attorney General Bondi serves as Vice Chair of the 11-member strike force. The Strike Force increased communication and partnerships with law enforcement, regulatory and prosecutorial communities, served as a platform for sharing information and coordinating efforts in anti-fraud training and mapping of Florida's anti-fraud processes; and provided the first statistical study of fraud in Florida's food assistance program. The Strike Force was sunset on June 30, 2014.

**Automobile Insurance Fraud Strike Force.** Chapter 2012-197, Laws of Florida, created to serve as a Direct Support Organization (DSO) that identifies available resources and channels those resources to areas aggressively fighting PIP fraud. The Strike Force researches emerging trends by fraudsters; collaborates with front line fighters of fraud including investigators, law enforcement and prosecutors; and monitors the impacts of the new PIP law approved by the 2012 Legislature.

**Property and Casualty Insurance Fraud Task Force.** The Property and Casualty Task Force was started in April 2011 with a mission to deter, reduce or eliminate property and casualty insurance fraud. Comprised of approximately 270 members including regulators, law enforcement, risk management, and others concerned about fraud in the industry. The Task Force provides awareness related to Property and Casualty Insurance Fraud and helps enact rule changes to pursue criminal fraud.

**False Claims Act Prosecutions.** Using existing resources, the Department expanded the duties of the Criminal Law Unit to include False Claims Act prosecutions for the first time. Generally, these are cases in which a state contractor has fraudulently billed a state agency and they tend to be complex and investigation-intensive because they involve complicated financing and financial transaction schemes requiring extensive subpoenas and document review techniques. The first of these cases, against the Hillsborough County Association for Retarded Citizens (HARC), was settled during the 2013-2014 Fiscal Year. This case is a result of an investigation by the Department's Office of Fiscal Integrity into the HARC's HomeLink Contract with the Agency for Persons with Disabilities (APD). The investigation revealed that HARC significantly overbilled for services, billed for customers who were deceased at the time the services were allegedly provided, and billed for salaried HARC employees who clearly did not qualify to be paid under the HomeLink Program. The Department's investigation and subsequent prosecution resulted in a settlement of \$310,000 due to false billings to the State for ineligible clients. The settlement funds were returned to APD in May 2013.

## **PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY**

**Chart of Accounts.** Chapter 2011-044, Laws of Florida required the Chief Financial Officer to propose a chart of accounts (COA) that would be used by state agencies, local governments, educational entities, and entities of higher education for reporting financial information to the public. This project has a very broad scope impacting 2,305 primary units of government and an unknown number of component units and direct support organizations associated with the primary units of government. On January 15, 2014, the [final Chart of Accounts report](#) was submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report included a proposed chart of accounts and the cost estimates for implementing the reporting recommendations.

**Florida Accounting Information Resource (FLAIR) Study.** Proviso language in the 2013 General Appropriations Act (GAA) required the Department of Financial Services to conduct a FLAIR Study to:

- Prepare an inventory of all agency systems interfacing with FLAIR
- Assess the advantages and disadvantages of enhancing FLAIR
- Assess the advantages and disadvantages of replacing:
  - FLAIR;
  - FLAIR and the Cash Management System (CMS);
  - FLAIR, CMS, and the procurement (MyFloridaMarketPlace) and personnel information subsystems (PeopleFirst)
- Assess the feasibility of implementing an Enterprise Resource Planning (ERP) system for the State of Florida
- Identify any specific changes needed in the Florida Statutes and the state’s financial business practices to facilitate the recommended option
- Prepare a Final Report that adheres to the requirements set forth in the 2013 GAA Proviso and section 287.0571(4), F.S.

In accordance with the 2013 General Appropriations Act, the Department procured the services of North Highland, an independent consulting firm with experience in planning public sector technology projects, to complete a study (FLAIR Study) and to recommend either enhancing or replacing FLAIR. North Highland team, together with the Department, evaluated the options outlined in proviso.

On April 1, 2014, the [final report](#), recommending the replacement of FLAIR and CMS with an ERP, was submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives. Replacing FLAIR and CMS with a commercial-off-the-shelf ERP establishes the necessary cornerstone for a financial management system tightly integrated functions (e.g., general ledger, accounts payable, etc.) and modern-day functionality. It will also help the state realize cost avoidance through process standardization and a reduced need for compensating systems within the agencies.

**Florida Accountability and Contract Tracking System (FACTS).** Chapters 2011-49 and 2011-44, Laws of Florida, directs 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 – called the Florida Accountability Contract Tracking System or ‘FACTS,’ a comprehensive online tool that offers Floridians greater visibility into how their government is doing business.

Launched in 2012, the Division of Accounting and Auditing with the Division of Information Systems implemented FACTS, making state contracting processes transparent through a centralized, statewide contract reporting system. FACTS, now available on the [Transparency Florida](#) website, tracks how our state does business and reports to taxpayers how their money is being spent. During the 2013-2014 Fiscal Year, the Department added MyFloridaMarketPlace’s Purchase Orders and Grant Awards functionality into FACTS, making all contract and procurement documents for existing contracts and grant disbursement agreements available online.

In 2014, U.S. Public Interest Research Group (PIRG) ranked Florida third in the nation for transparency. PIRG’s *2014 Following the Money* Report gave Florida an “A-“ for the second year in a row, up from a “D” in 2012, citing FACTS and significant improvement in transparency as primary factors in ranking Florida 3<sup>rd</sup> among the 50 states. PIRG’s rating recognizes Florida as a national leader in transparency and is affirmation of the strides taken to make transparency and government accountability a standard in Florida.

**User Experience Task Force.** Chapter 2013-54, Law of Florida created the Transparency Florida Act requiring specified government fiscal and contract information be made publicly available via website or management system, and created the User Experience Task Force, which is tasked with developing a design for consolidating existing state-managed websites that provide public access to state operational and fiscal information into a single website. The Chief Financial Officer is a member of the Task Force.

**Contract Reviews within State Agencies.** Because many of the deficiencies in agency contract and grant agreements stem from poor contract management and a lack of effective monitoring, the Bureau of Auditing within the Department’s Division of Accounting and Auditing visits agencies and reviews contracts, as well as the contract manager’s files. The Bureau audits contracts and grants valued at \$750,000 or more. The Bureau’s review includes identifying if agreements include a scope of work that clearly establishes the tasks that must be completed, has quantifiable, measurable, and verifiable deliverables, and specifies financial consequences for noncompliance. In addition to reviewing the contract document, the Bureau evaluates the contract management function to determine if the agency is monitoring the contractor’s performance and validating the actual delivery of goods and services. These audits result in written reports to the agency, with the agency providing a corrective action plan to address any deficiencies noted during the review.

An audit of state contracts during the 2012-13 Fiscal Year found that 56 percent of state contracts had deficiencies. However, the recent audit of 2013-14 Fiscal Year contracts found that the number of deficient contracts declined to 42 percent, a 14 percentage point improvement over the year. The latest audit also found that more than two-thirds of state agencies improved their rate of deficient, or poorly written, contracts. Further, at least two of the Office of Fiscal

Integrity's investigations (HARC and HAAAC) have originated from questions raised by new properly trained contract managers.

These improvements follow reforms pushed by CFO Atwater to audit state contracts, train state agencies how to write stronger contracts with clear deliverables, and make the contracts available online for taxpayers to read and scrutinize. Since CFO Atwater's contracting reforms began in 2011, the Department of Financial Services has trained more than 7,500 contract managers while also providing assistance in the drafting of state contracts. The Department's Division of Accounting and Auditing has also implemented several new processes to review and audit contract and grant agreements, as well as review the files of agencies' contract managers.

**Citizens Inspector General.** Chapter 2013-60, Laws of Florida established an office of Inspector General at Citizens Property Insurance Corporation to be appointed by the Financial Services Commission. The nationwide search for Citizens' Inspector General was coordinated by a Selection Committee consisting of the Governor's Chief Inspector General, the Inspector General from Chief Financial Officer Atwater's Office and the Inspector General from the Office of Insurance Regulation. In December 2013, CFO Atwater and the other members of the Financial Services Commission selected Bruce Meeks as the first Citizens Property Insurance Inspector General.

**Debt Collection Process Study.** Section 17.20, Florida Statutes, provides guidance to state agencies and the Chief Financial Officer related to assignment (also known as referral or placement) and reporting of claims for collection. The statutes require state agencies to timely assign delinquent accounts to collection and authorize the CFO to contract with collection agents to collect on accounts and other claims due to the state.

In 2013, the Bureau of Financial Reporting within the Division of Accounting and Auditing contracted with Thomas Howell Ferguson, PA to review and provide recommendations for the State's debt collection program. This review was completed in September 2013 and the final report was completed in December 2013. The Bureau and Department management are working on recommendations to improve the State's debt collection program.

## **REDUCE REGULATORY BURDENS**

**Workers Compensation Stop Work Order Reform.** Chapter 2014-109, Laws of Florida amended provisions related to Stop Work Orders (SWO) and associated penalties relating to Florida's Workers' Compensation Law to more appropriately penalize employers lacking workers' compensation coverage while helping them get back to work faster once they have obtained coverage and come into compliance with Florida law. The reform provides regulatory relief to employers while ensuring employees are protected.

The Department of Financial Services' Division of Workers' Compensation reviewed the Stop-Work-Order process to find ways to get employers back up and running again more quickly after a stop-work order has been issued, while continuing to encourage employer compliance and maintaining employees' protection. This reform is a result of these efforts.

**Regulatory Reviews.** The Department of Financial Services is in the process of conducting an internal regulatory review of all of its major programs administered at the division level within the Department. Regulatory reviews of each Division are conducted to: look for regulations that can be removed; identify business processes that can be improved; determine whether additional consumer protections are needed; and to identify efficiencies that can be gained. These reviews outline options/recommendations with regard to the deployment of Department resources and day-to-day program administration and produce recommendations to streamline and enhance the efficiency of the Division of Legal Services' processes to ensure the most cost effective means of providing reasonable regulation of Florida businesses.

DFS has examined 1,350 rules which resulted in 89 repeals and amended 129 additional rules to date. These repeals and amendments have eliminated rules that were duplicative and an unnecessary burden on business. Further, this review has already yielded substantial improvements in the Department's operations and saved hundreds of thousands of dollars while improving consumer protections.

**License Fee Waiver for Active Military & Families.** Chapter 2014-123, Laws of Florida, exempts members of the United States Armed Forces, their spouses, and veterans who have retired within 24 months who apply for licensure as an insurance agent, customer representative, adjuster, service representative, managing general agent, or reinsurance intermediary from the application filing fee prescribed by law.

## **PROTECT CONSUMERS**

**Homeowners' Policy & Claims Bill of Rights Working Group.** The Working Group was assembled in July 2013 to identify statutory improvements for consumers after Florida's Insurance Consumer Advocate (ICA) and the Division of Consumer Services held numerous Homeowners' Insurance Consumer Forums throughout the state to hear first-hand from Florida policyholders who have experienced a homeowner insurance loss. Based on information gathered at these forums, the ICA assembled the Working Group to review the claims handling process and other identified topics of concern. The working group was launched in July 2013 to discuss potential improvements to the homeowners' insurance claim process with the sole purpose of helping to better serve Florida homeowners who suffer a financial loss.

Based on the Working Group's findings, CFO Atwater worked to create a "Homeowner Claims Bill of Rights" during the 2014 Legislative Session, which must be provided to every policyholder who files a claim. The bill of rights is a simply worded one-page document that references current Florida law about the rights of policyholders in their claims process. It also informs policyholders about what they should expect during their claims process and provide advice on the steps they should take in the process. This much-needed bill of rights will notify Florida homeowners of their rights and responsibilities when filing an insurance claim and give them the confidence that they will be treated fairly during a stressful situation involving their home. The Homeowner Claims Bill of Rights (Chapter 2014-86, LOF) goes into effect on October 1, 2014.

**Financial Literacy for Consumers.** The Department has launched several initiatives to help empower Floridians to be financially responsible and independent, and make better informed financial decisions. In 2011, CFO Atwater launched [Your Money Matters](#), a financial literacy initiative geared to small business owners, seniors, military, women and college-bound students. As part of these efforts during the 2013-14 Fiscal Year:

- CFO Atwater launched [S.T.A.R.T. – Save Today and Retire Tomorrow](#), a financial literacy initiative aimed at educating Floridians on the importance of retirement planning and preparedness.
- The Florida Council on Economic Education, of which the CFO is a member, published a workbook for understanding personal finance entitled “[Financial Freedom](#).” This workbook is available to teachers and the feedback has been positive.
- Created [Florida’s Financial History Challenge](#), a contest designed to engage students of all ages to learn more about the state’s economic history. The challenge, which is a part of CFO Atwater’s Your Money Matters initiative, encourages students to learn about people, places and events in Florida history and use the information they learn to contemplate financial decisions.
- Offered free webinars entitled “[Paying for College: Controlling Your Degree of Debt](#)”, in partnership with the Florida Association of Student Financial Aid Administrators (FASFAA), to provide valuable information to Floridians on the variety of financial aid programs that can minimize college debt.

## **KEEP MONEY IN THE POCKETS OF FLORIDIANS**

### **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. Since 2011, the Constitutional Law attorneys have assisted the General Counsel in finalizing landmark settlements with 14 different insurance companies regarding their compliance with Florida Unclaimed Property laws.

Since 2011, in conjunction with the Office of Insurance Regulation, more than \$106 million in unclaimed life insurance benefits has been identified and remitted to the Department’s Bureau of Unclaimed Property by life insurance companies as part of the regulatory settlement agreements over the inappropriate use of the Social Security Death Master File. As of June 2014, \$17.5 million of this amount has been returned to its rightful owner, representing 3,900 unclaimed property accounts that have been claimed and paid as a result of these settlement agreements.

**Florida Hurricane Catastrophe Fund Emergency Assessments.** On June 17, 2014, CFO Atwater and the other Trustees of the State Board of Administration voted to terminate the Florida Hurricane Catastrophe Fund Emergency Assessment one year earlier than originally scheduled. Emergency assessments will be terminated on all policies issued or renewed on or after January 1, 2015.



# 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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Administrative costs as a percent of total agency costs	5.00%	4.20%	5.00%	5.00%
Administrative positions as a percent of total agency positions	6.00%	6.00%	6.00%	6.00%
Percentage of Department Employees Responding to an Annual Survey Who Indicate Overall Satisfaction with Division of Administration's Services	90.00%	97.45%	90.00%	90.00%
Percentage of Appointment (hiring) Packages Processed Within the 5-Day Time Standard	97.00%	92.96%	97.00%	97.00%



**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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Percent of closed files involving allegations of statutory violation that were successfully prosecuted	92%	99%	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 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Information technology costs as a percent of total agency cost	4.21%	7.03%	4.21%	4.21%
Information technology positions as a percent of total agency positions	3.33%	5.20%	3.33%	3.33%
Percent of scheduled hours computer and network are available	99.95%	99.98%	99.95%	99.95%
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	85%	0%	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 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of referred cases responded to and/or transferred within 10 days of receipt.	90%	93%	90%	90%
Percentage of rate filings subject to public hearing which were reviewed by our office.	95%	98%	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-FLAIR Infrastructure	Code: 43010500

Approved Performance Measures for FY 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Percent of scheduled hours computer and network is available	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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle.	100%	100%	100%	100%
Percentage of Collateral Administrative Program transactions completed within three business days.	97%	96%	97%	97%

**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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.	0.2%	9.18%	0.2%	0.2%
Percentage of core accounting processes that meet established deadlines and standards for accuracy.	98%	100%	98%	98%

**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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Percentage of state employees participation in the State Deferred Compensation Plan	40.0%	40.3%	40.0%	40.0%

**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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Number of agencies audited for Contract/Grant Managers performance	12	5	12	8 <i>Adjust Standard</i>
Percentage of Office of Fiscal Integrity investigations that result in action	50%	61%	50%	50%
Number of contracts reviewed	1,100	885	1,100	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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Number / dollar value of owner accounts processed.	1 million / \$225 million	2.36 million / \$319 million	1 million / \$225 million	1 million / \$225 million
Number of claims paid / dollar value of claims paid.	250,000 / \$150 million	340,234 / \$235 million	250,000 / \$150 million	250,000 / \$150 million
Percentage of claims processed within 60 days from date received (cumulative total).	60%	48%	60%	60%
<del>Number of new holders reporting unclaimed property in the fiscal year.</del>	<del>1,100</del>	<del>1,585</del>	<del>1,100</del>	<del>Request Deletion</del>

**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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of mandated regulatory inspections completed	100%	100%	100%	100%
Number of mandated regulatory inspections completed	1,000	1,218	1,000	1,000
Percentage of fire code inspections completed within statutory defined timeframes	100%	100%	100%	100%
Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	8,000	8,047	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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of referrals declined by State Attorney's Office for prosecution	10%	13%	10%	10%
Percentage of arson cases cleared	20%	35%	20%	20%
Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	81%	80%	80%
Percent of closed arson investigations for which an arrest was made in Florida	18%	32%	18%	18%

**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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Number of students trained and classroom contact hours provided by the Florida State Fire College	5,500/175,000	6,587/169,618	5,500/175,000	5,500/175,000
Percentage of Fire College students passing certification exam on first attempt	75%	83%	75%	75%
Number of Florida State Fire College Certification Programs Submitted for National Accreditation or Re-accreditation	3	1	3	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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Administrative costs as a percentage of program agency costs	5.70%	5.60%	5.70%	5.70%
Administrative positions as a percentage of total program positions	3.40%	3.40%	3.40%	3.40%
The number of items analyzed chemically plus the number of imaging items processed.	13,650	12,341	13,650	13,650

## 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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
<b>Revise Measure:</b> Average operational cost per claim worked	\$2,016	\$2,336	\$2,016	\$2,016
Average cost of workers' compensation claims paid	\$6,500	\$7,357	\$6,500	\$6,500
Percentage of liability claims closed in relation to liability claims worked during the fiscal year	49%	51.8%	49%	49%
Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C.	95%	97%	95%	95%
Number of workers' compensation claims worked	22,000	19,389	22,000	22,000
Number of liability claims worked	5,048	4,427	4,869	<b>Adjust Standard</b> 4,500
Number of state property loss/damage claims worked	120	218	120	120
Percentage of tort liability claim files resolved within four (4) years without litigation	81%	85%	81%	81%
Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)	80	242	80	80

**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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of appraised value of assets liquidated for real property	90.00%	101.99%	90.00%	90.00%
Percentage of appraised value of assets liquidated for personal property	75.00%	100.00%	75.00%	75.00%
Percentage of service requests closed within 30 days	80.00%	95.78%	80.00%	80.00%

## 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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
<span style="color: red;">Revise Measure:</span> Cost of Licensing Operations per active license.	\$4.83	\$3.45	\$4.83	<span style="color: red;">Adjust Standard \$3.35</span>
Cost of Investigation Operations per completed investigation.	\$1,470	\$1,478	\$1,470	\$1,470
<span style="color: red;"><del>Percentage of licensees disciplined for a practice violation within the past 12 months-</del></span>	<span style="color: red;">0.070%</span>	<span style="color: red;">0.086%</span>	<span style="color: red;">0.070%</span>	<span style="color: red;">Request Deletion</span>
Average number of investigations per investigator	71.3	73.7	71.3	71.3
Average number of applications processed per licensing FTE	2,647	3,206	2,647	2,647



**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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	75%	71%	75%	75%
Number of insurance fraud arrests (not including workers' compensation cases)	952	980	952	952
Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	276	475	276	276
Number of cases presented for prosecution	1,260	1,581	1,260	1,260
Court ordered restitution as a percentage of requested restitution.	70%	91%	70%	70%
Requested restitution as a percentage of annual appropriated budget.	200%	334%	200%	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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of helpline call and service request audits that result in quality service	90%	92%	90%	90%
Percentage of consumers who rate the Division's services as good or excellent	75%	82%	75%	75%
Percentage of phone calls answered within four minutes	80%	86%	80%	80%
Percentage of monetary eligible service requests that result in a recovery	85%	86%	85%	85%

**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

<b>Approved Performance Measures for FY 2014-15 (Words)</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Approved Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
Percentage of investigations submitted by legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	98%	100%	98%	98%
Percentage of funeral establishment inspections that do not require quality control follow-up	98%	98%	98%	98%
Average time (days) to close an investigation	65	45	65	65
Percentage of deficiency letters sent out within 5 business days of receiving the application	88%	80%	88%	88%

**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 2014-15 (Words)	Approved Prior Year Standard FY 2013-14 (Numbers)	Prior Year Actual FY 2013-14 (Numbers)	Approved Standards for FY 2014-15 (Numbers)	Requested FY 2015-16 Standard (Numbers)
Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget	300%	917%	300%	300%
Number of completed cases resulting in referral for disqualification or prosecution	3,000	4,342	3,000	3,000

## 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 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percentage of first indemnity payments made timely	95%	94.9%	95%	95%
Number of employer investigations conducted	30,500	35,294	30,500	Adjust Standard 32,000
Percentage of disputes resolved for injured workers by the Employee Assistance Office	85%	88%	85%	Adjust Standard 86%
Number of Petitions for Reimbursement Dispute Resolution resolved	6,203	10,428	6,203	Adjust Standard 10,500
Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	79%	75%	79%	79%
Average number of Workers' Compensation employer investigations completed monthly	61	61	61	Adjust Standard 59



# 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%	99%	7	7.6%

**Factors Accounting for the Difference:**

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

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

**Explanation:** The Division has performed above our projection and has raised the standard at least once. We strive to reach 100% in handling the cases included in this performance measure. However, the Division continues to have high staff turnover and, with vacant attorney positions and a continuing rise in caseloads, the Division might be challenged to continue to meet our projections. 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:** 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
96%	0%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

Previously, DIS conducted customer satisfaction surveys by emailing a survey to customers immediately upon resolving/completing a help desk Remedy ticket. Due to the ongoing implementation of the new Remedy system, DIS did not conduct customer satisfaction surveys during this reporting period.

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

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

**Explanation:**

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

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

**Recommendations:**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

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

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

**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
0.2%	9.18%	9.6%	4,800%

**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:**

Treasury's investment professionals' experience and expertise enabled Treasury to exceed the 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:**

**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 changes are recommended.

## 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 agencies audited for Contract/Grant Managers 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	5	-7	- 58%

**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:**

Staff turnover and vacancies throughout the fiscal year affected the section's ability to complete agency audits.

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

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input 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 audited agency's delays in response to inquiries can adversely affect the ability to timely complete assignments.

**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:**

Continue recruitment and additional training by Financial Administrator.

**Adjust standard from 12 to 8.**

## 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 Office of Fiscal Integrity investigations that result 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 type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
50%	61%	11% Over	22% Over

**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:**

Out of the 18 investigations closed during the fiscal year, 11 investigations resulted in action taken.

**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:**

Monitor for possible change/revision in the future.

## 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 contracts 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
1,100	885	215 Under	19% Under

**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:**

Standard was based on resources being in place at beginning of fiscal year. Staff assigned to perform contract reviews were not available or proficient for the duration of the reporting period.

**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:**

Additional training for all existing and new staff.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1 Million / \$225 Million	2.36 Million / \$319.3 Million	1.36 Million Over / \$94.3 Million Over	136% Over / 42% Over

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

Increased efforts in holder outreach education and compliance (as well as audits), combined with an overall increase in general awareness of unclaimed property requirements have resulted in more accounts and more funds being reported/remitted. Technological advances by holders of unclaimed property facilitate the reporting of more individual accounts when compared to manual processes used in the past. The special life insurance audits and settlements continue in resulting in more accounts and funds being remitted.

**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:**

Monitor for possible change/revision in the future.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
250, 000 / \$150 Million	340,234 / \$235.6 Million	90 Thou. Over / \$85.6 Million Over	36% Over / 57% Over

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

Increased numbers of accounts and dollars being received result in higher numbers of claims and higher dollar value of claims paid. The increased public awareness of the program achieved through earned media, as well as significant increases in national and local news coverage, and other outreach efforts have resulted in a higher volume of claims received and paid.

**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:**

Monitor for possible changes/revision in the future

## 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 60 days from date received (cumulative total)

**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
60%	48%	12% Under	20% Under

**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 nearly 400% during the last 10 years. However staff size has remained relatively constant during the same period. With the current, increasing claims volume and staff, this measure is increasingly difficult to achieve. The Bureau does, however, continue to meet its statutory requirement to process 100% of claims within 90 days.

**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:**

Significant increase in claims volume.

**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:** The Bureau is currently developing an online claims system for its UPMIS database. This system, when implemented, will positively impact the Bureau in meeting the approved standard.

## 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 new holders reporting unclaimed property in the fiscal year

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2,000	1,585	415 Under	21% Under

**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 is requesting deletion of the measure. While the measure was intended to reflect the results of staff to find holders that had not previously reported, the measure does not distinguish between those holders contacted and those holders that initially file unprompted by us, nor does it capture the significance (number of accounts / value of property) included in the first time holders report.

**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 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 fiscal year, the Bureau's Compliance Section focused most of its efforts to educate holders on how to use the new Online, Electronic Holder Reporting System. This system provides a secure environment for holders to report and remit unclaimed property. While the Bureau maintained its efforts to perform holder outreach and education to identify holders who have not reported unclaimed property, it was impacted by this additional "on-line reporting" education effort by the Bureau.

**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 of 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 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
1,000	1,218	218	21.8%

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

**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:** Fire and Arson Investigations/43300300

**Measure:** Percentage of referrals declined by State Attorney's Office for prosecution

**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
10%	13%	+3%	+30%

**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:** Increased supervisory attention to case preparation and presentations by detectives and training BFAI provided locally to Intake Assistant State Attorney's, increased the number of cases accepted for prosecution.

**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:** Supervisory diligence and supervisory assistance to detectives with case preparation increased the number of cases accepted for prosecution by State Attorneys.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

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

**Measure:** Percentage of arson cases cleared

**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
20%	35%	+15%	+75%

**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:**

**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:** Supervisory diligence assisted detectives in clearing additional investigative cases. Supervisory attention to case management increased successful clearance rate.

## 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%	32%	+14%	+77%

**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% and is the established performance standard set by Fire Investigative Agencies nationwide. During this time period, our agency 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:** Number of students trained and classroom contact hours provided by the Florida State Fire College

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,500/175,000	6,587/169,618	+1,087/-5,382	+19.8%/-3%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input 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:** Includes numbers of military students completing specialized training. These students cannot be depended on as regular students as they are from out-of-state installations.

**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:** Current standards should remain in place.

## 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 Fire College students passing certification exam on first attempt

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	83%	+8%	10.6%

**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:**

Quality of instructors and instruction.

**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 Certification Programs submitted for national accreditation or re-accreditation

**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	1	-2	-66%

**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:** Outside agencies worked with the Bureau to obtain additional certifications in areas that are not offered as statewide programs.

**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:** 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 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
13,650	12,341	-1,309	-9.6%

**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:** Trend evaluation for submissions from customers was on track this year. We are completely dependent on our customers for submissions and they in turn are dependent on numerous factors from crime rate, to available investigators, to costs for investigations and thus the number of submissions is actually beyond our control.

**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 has ensured that investigators routinely submitted their images and a large influx of items such as was experienced last FY was avoided.



## 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 operational cost per claim worked

**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
\$2,016	\$2,336	\$320	15.9%

**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:** Actual performance results are calculated by dividing the sum of operating expenditure categories by the number of claims worked. While operating costs have increased, particularly in the areas of contracted services and legal services, the number of claims submitted and worked has decreased.

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

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

**Recommendations:** The Division is attempting to reduce operating costs by unbundling current contracted services as well as consolidating contracts. Unbundled services will provide a more competitive environment for contract procurement. Contract consolidation will allow for greater contract management and reduce the total amount of administrative fees charged by the various contractors. The Division will monitor the number of claims worked and evaluate any reductions in operating costs and claims worked to determine if a change to the approved standard for this measure is needed.

An Exhibit IV change in measurement methodologies is being submitted to revise the operational categories identified in the calculation of this measure. This revision will result on the calculated average operational cost per claim conforming to industry standards.

## 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 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
\$6,500	\$7,357	\$857	13.2%

**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:** This measure calculates the average cost of claims after four years of claim development. During the past four years, the contracted medical case management vendor maintained a high quality service, increased physician fee reimbursement model on the theory that expedited medical treatment would result in overall lower claim costs. This model does not appear to have achieved the anticipated cost savings contributing to the increase in average costs. Other factors include additional claim development associated with the former medical case management vendor and an increase in attendant care and physical therapy services for FY2013-14.

**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:** New medical case management vendor procured in 2013 with services implemented January 1, 2014. The new medical case manager will authorize and process medical service payments in accordance the medical services reimbursement fee schedule maintained by the Division of Workers' Compensation.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of workers' compensation claims worked

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
22,000	19,389	(2,611)	(11.9%)

**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:** Claims worked is primarily dependent on external factors such as frequency of accidents and claim severity.

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

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

**Recommendations:** The Division will continue to monitor workers' compensation claims worked and will evaluate to determine if a change to the approved standard for this measure is needed.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of 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
4,869	4,427	(442)	(9.1%)

**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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input 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 13/14 (we missed by 442 claims) was that we received 172 fewer claims in FY 13/14 than we did in FY 12/13. Further, we started FY 13/14 with 56 fewer open claims than the start of FY12/13. These two factors explain 228 of the 442 claims difference between the approved standard and the actual performance results.

As noted above we have little control over this measure but we are recommending this measure be decreased to 4,500 which we believe is a more realistic number based on previous years and current trends.

**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. In fact we have a Loss Prevention Unit at Risk Management and their goal is to reduce accidents and the number of new claims. 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):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> 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:** 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:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
120	218	98	81.7%

**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:** This measure is the number of new property claims received during the fiscal year (or reopened) plus the number of claims closed during the fiscal year. This is a measure of the amount of work performed by the Property Section. The Bureau has minimal control over the number of new claims reported. We have more control over the number of claims we are able to close but this number depends on the severity of the claim and the cooperation of our insured state agencies which we cannot control.

It has been 8 years since we have had a major windstorm or other event in Florida that has produced a large number of claims. Therefore, we have continually requested that this standard be reduced (currently 120 down from 275). This standard is pretty much out of our control but we do believe 120 is a realistic standard if no major loss event occurs. The main reason we exceeded this standard in FY 13/14 is that we experienced two fairly significant flooding events which resulted in approximately 100 claims. These events account for the +98 claims over the standard of 120 in FY 13/14. This increased our number of claims worked to 218. However, we do not recommend revising this measure.

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

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

**Explanation:** See Explanation above.

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

Training

Technology

Personnel

Other (Identify)

**Recommendations:** Since we have minimal control over this standard, 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 performed by the property claims unit. As noted, we are not recommending a change in this standard.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)

**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
80.00	241.50	161.50	201.88%

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

**Explanation:**

This is the first year this measure has been reported and the previous estimate was based on the number of top three agency staff trained during FY2012-2013. The majority (192) of the events reported originated from a two-day training event that was attended by twelve staff members from the three top agencies.

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

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

**Explanation:**

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

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

**Recommendations:**

The Division will continue to monitor this measure throughout FY2014-2015 and will request a new standard based on the FY2013/2014 and FY2014-2015 results during the next LRPP cycle.



## 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%	101.99%	OVER	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 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%	OVER	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:** Insurance Company Rehabilitation and Liquidation /43500100

**Measure:** Percentage of service requests closed within 30 days

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%	95.78%	OVER	19.7%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:** The Division has performed above our approved standard for this measure. We strive to consistently reach and even exceed the standard for this performance measure. However, since it is a new measure, we feel that raising the approved standard at this time would be premature. We recommend keeping the standard at its current level and reevaluate in the next year or two.

**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:** Cost of Licensing Operations per active license

**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
\$4.83	\$3.45	-\$1.38	28.6%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

The number of active licenses continues to increase.

**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 contract and budget allotment for technology services was transferred to the Division of Information Systems, which caused a reduction in the overall licensing operational expenses.

**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 to revise the standard to \$3.35 per active license.

## 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 for a practice violation in the past 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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
0.070%	0.086%	+0.016%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The Department cannot control how many licensees are disciplined unless it selectively enforces the law; it can only do its best to deter licensees from breaking the law and take action against those who do.

**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 Department cannot control how many licensees are disciplined unless it selectively enforces the law; it can only do its best to deter licensees from breaking the law and take action against those who do.

**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 communicate with our licensees by sending reminder notifications through email when new legislation is passed. We also publish a monthly newsletter and have a compliance section on the website that lists recent enforcement actions taken, and also includes articles on trends and any new requirements or legislation. A component was added to the required continuing education for licensees that addresses compliance issues. We hope these efforts will continue to educate and deter licensees from breaking the law. Because the percentage of licensees disciplined for a practice violation has remained consistent for two years, **we are requesting to delete this measure.**

## 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:** Average number of applications processed per licensing FTE

**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
2,647	3,206	+559	21%

**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:**

Enhancements in our licensing system have improved the way applications are reviewed, making it possible for staff to process more applications.

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

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input 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 people and businesses seeking licensure continues to increase, resulting in more applications that need to be processed.

**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:**

Many technology improvements have already been completed, but additional enhancements are planned to be implemented during the next Fiscal Year.

## 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 opened insurance fraud cases presented for prosecution by law enforcement investigators

**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%	71%	4%	-5.3%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

Opened more cases with lower quality tips & evidence. DIF tried to increase arrests by opening more referrals, but by trying to increase our productivity, DIF opened cases in a group of referrals that did not present solid enough leads to develop into strong enough cases for presentation

**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:**

Lower quality of referrals.

**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:**

Monitor referrals more closely

## 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 workers' compensation insurance fraud arrests (not including general fraud arrests)

**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
276	475	199	72.1%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

**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 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:** Received more tips in workers' compensation cases than projected

**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:** Will monitor tips and if the trends in workers' compensation cases are increasing by way of similar results for FY 2014-15, the Division will adjust appropriately.



## 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 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
1,260	1,581	321	25.5%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

**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:** Received over 6,600 more Tips in FY 2013-14 than the previous year

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

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

**Recommendations:** Will monitor referrals and if the trends have similar results for FY 2014-15, the Division will adjust appropriately.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**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:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
70%	91%	21%	30%

**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:** Restitution is at the Court's discretion and is difficult to project as the courts may honor our request or award more or less.

**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:** Will monitor the trends in court ordered restitution and if awards are increasing with similar results for FY 2014-15, the Division will adjust standard appropriately.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**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:**

- |  |  |
|--|--|
| <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
200%	334%	134%	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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** It is difficult to project the dollar value of cases that haven't been assigned

**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:** Will monitor the trends in requested restitution and if increasing with similar results for FY 2014-15, the Division will adjust standard appropriately.

## 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

**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%	82%	7 Over	+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 checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)             |

**Explanation:** This measure reflects the percentage of consumers who rate the Division's services as good or excellent using an online survey tool. The Division answers questions and responds to consumer requests for assistance and complaints regarding their insurance company. Oftentimes, consumers rate the Division's level of service based upon the resolution of their complaint, regardless of the level of customer service they receive.

Even though the Division exceeded the approved performance standards for FY 2013-2014, the 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.

**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 four minutes

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%	86%	6 Over	7.5%

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

**Explanation:**

The Department implemented new call center technology that improved the Division's level of responsiveness and the timeframe within which the calls received through the Consumer Helpline are answered.

**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:** Funeral and Cemetery Services/43500500

**Measure:** Average time (days) to close an investigation

**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
65	45	20	31%

**Factors Accounting for the Difference:**

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

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

**Explanation:** The Division has been able to meet and surpass this standard over the past year. Many of the priority investigative demands from last year were not applicable to this year. Additionally, the Division has excellent management in the field.

**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:** Personnel, currently we have a position being filled

## 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 deficiency letters sent out within 5 business days of receiving the application

**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
88%	80%	8% under	10%

**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:** Within the last year our staff has been dealing with a number of different priorities which may have affected the performance of this measure. However, in most instances, the performance measure may only have been off by 1-2 days.

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

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

**Explanation:**

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

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

**Recommendations:** We will endeavor to give this performance more of a priority within the coming year.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Public Assistance Fraud/43500700

**Measure:** Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget

**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
300%	917%	617% over	306% over

**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 addition of 10 OPS Crime Intelligence Technicians to identify and pursue disqualification of recipients trafficking in SNAP benefits added to the total dollars of fraud identified for recoupment and being withheld.

**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:** Expand the use of existing OPS Crime Intelligence Technicians to other types of fraud, where appropriate, that existing investigative resources are unavailable to pursue due to higher priority investigations that require face-to-face interaction with targets and witnesses in their homes, surveillance and/or undercover type investigative activities, and potentially being deposed and providing testimony in court. The standard is not being adjusted this year due to personnel turnover and the anticipated impact it will have on this standard in FY 14-15.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**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:**

- |   |  |
|---|--|
| <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
3,000	4,342	1,342 over	44.7% over

**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 addition of 10 OPS Crime Intelligence Technicians to identify and pursue disqualification of recipients trafficking in SNAP benefits added to the total number of completed cases resulting in referral for disqualification.

**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:** Apply existing OPS Crime Intelligence Technicians to other types of fraud, where appropriate, that existing investigative resources are prevented from pursuing due to higher priority investigations. The other types of fraud the OPS employees can pursue would help address the large gulf that exists between what is being investigated and what cannot be investigated due to the sheer number of public assistance fraud cases that exist and referred to DPAF for investigation. The standard is not being adjusted this year due to pending personnel losses and the negative impact it will have on this standard in FY 14-15

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Number of employer investigations conducted

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
30,500	35,294	+4794	15%+

**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:** Process changes provided investigators more time in field conducting 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:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	88.14%	Over	3.7%

**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 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 85% which was more realistic at that point in time. We are requesting a change to 86% 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 Petitions for Reimbursement Dispute Resolution resolved

**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
6,203	10,428	4,225	Increase of 68.11%

**Factors Accounting for the Difference:**

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

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

**Explanation:** The Medical Services section increased the personnel designated to review Petitions for Reimbursement Disputes.

**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:** The Bureau has a backlog of petitions, so the number of disputes resolved may slightly increase next fiscal year due to the hiring of additional OPS staff to eliminate the backlog.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

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

**Measure:** Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings

**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
79%	75.5%	Under	-4.4%

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

**Explanation:** In addition to some new data fields and edits being added to increase data quality, several large trading partners moved from a manual EDI processing system to an "auto-trigger" system with their vendor. These vendor products automatically resubmit the same transactions that failed numerous times (depending on the transaction type) in hopes it has been corrected. If the trading partner has not corrected their data, it continues to process numerous rejections over and over which has resulted in a higher EDI rejection rate, thus resulting in a reduction in the percentage of overall accepted EDI filings.

**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:** The percentage of accepted claims via EDI filings is dependent upon the accuracy of a claim administrator's data. As the Division implements new internal edits to ensure quality data, this could cause a decrease in the number of accepted EDI filings by external customers. Also, the continuous auto resubmission of rejected EDI filings by vendors will reduce to overall acceptance percentage.

**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 continues to provide EDI Training and has increased their Triage assistance to help EDI submitters increase their percentage of accepted filings. The Division has reached out to large companies with high errors rates to provide a dedicated resource to identify the source of the errors and how to correct the filings in order to successfully pass all data quality edits. Increased triage assistance includes scheduled teleconferences and on-site visits with EDI Trading Partners.



# 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 analysis cycle

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

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

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

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

Service/Budget Entity: Supplemental Retirement Plan/43100400

Measure: Percentage of state employees participation in the State Deferred Compensation Plan

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency

Accounting/43200100

Measure: 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 audit plan related to conducting Agency audits of contracts and contract management files. Progress will be monitored monthly, and the Bureau will provide monthly progress reports to Division Leadership.

### Validity:

Audits of agency contracts are one of the major components of the Bureau's strategic plan, designed to strengthen state contract and management of state contracts. The Bureau's audits and reviews, along with increased training of state employees which manage contracts, provides the reasonable assurances that state funds are being sufficiently spent.

The decrease in Agency audits performed is being reduced from 12 to 8 based on staffing levels. Accordingly, the projected 12 agencies per year was not a realistically obtainable goal.

### Reliability:

This measure is a straightforward measure, which reports the progress that DFS is making in assuring financial accountability of 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: Percentage of Office of Fiscal Integrity investigations that result in action

Action (check one):            N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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):           N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 60 days from date received (cumulative total)

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of 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): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Percentage of mandated regulatory inspections completed

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of mandated regulatory inspections completed

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Percentage of fire code inspections completed within statutory defined timeframes

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of referrals declined by State Attorney's Office for prosecution

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of arson cases cleared

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or arrested or other reasons

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of students trained and classroom contact hours provided by the Florida State Fire College

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Percentage of Fire College students passing certification exam on first attempt

Action (check one):            N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of Florida Certification Programs submitted for national accreditation or re-accreditation.

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

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

Measure: Administrative costs as a percentage of program agency costs

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

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

Measure: Administrative positions as a percentage of total program positions

Action (check one):           N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

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

Measure: The number of items analyzed chemically plus the number of imaging items processed

Action (check one):            N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of 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 average operational costs in relation to program claims worked is to divide selected operational cost categories by the total number of claims worked.

Program operating costs are recorded in the Florida Accounting Information Resource (FLAIR) Accounting System and reported on the Division's Monthly Fund Balance Report. Selected operational cost categories will include:

#### Operational Categories

Salaries and benefits – 010000

Other personal services – 030000

Expenses – 040000

Operating capital outlay – 060000

Contracted Services – 100777

Attorney General Fees & Expenses – 100904

Contracted Legal Services – 100905

**Contracted Medical Services – 100907**

~~Excess Insurance & Claim Service – 101221~~

Risk Management Insurance – 103241

Lease or Lease /Purchase of Equipment – 105281

Transfer to DMS/HR Outsourcing – 107040

FLAIR 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 FY2010-2011, 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 FY2011-2012, it was reduced \$1.0 million, from \$16.2 million to \$15.2 million and subsequently in FY 2012-2013 to \$14.2 million.

In FY2010-2011, 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 FY2011-2012, the appropriation was reduced \$2.4 million, from \$21.4 million to \$19.0 million and subsequently in FY 2012-2013 to \$18.0 million. Additional categories added in FY2010-2011 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 FY2011-2012, FY2012-2013, and FY2013-2014, these categories remain appropriated in the Operating costs, resulting in a higher operational cost per claim worked. The standard for this measure was set at \$2,016 using FY2012-2013 data. For FY2012-2013 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.

For FY2014-2015, a new contracted medical services budget category was established and added to the selected operational cost categories used in measurement calculations. The Contracted Medical Services CAT 100907 distinguishes contracted medical service costs previously reported within the Contracted Services CAT 100777.

For the FY2014-2015 reporting period, the Division has proposed to remove the Excess Insurance & Claim Service CAT 101221 from identified operational categories to better conform to industry standards regarding the calculation of average operational costs per claim.

**Validity:**

The comparison of work activity to operating expense for an organization and the specific components is a standard measurement that aids in identifying the utilization of resources in relation to the organizational workflow.

**Reliability:**

FLAIR is the State of Florida's accounting system and is used by all state agencies. The selected budget criteria utilized to define the operational 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. Posted data is verified by staff to programs records and reconciled to the Chief Financial Officer's appropriation ledgers. Due to the universality of the data 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: Average cost of workers' compensation claims paid

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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 69L-24.006, F.A.C.

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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, F.S., 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.

### 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.

The Division is recommending a standard of 4,500 based upon previous years and current trends.

**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 state property loss/damage claims worked

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Percentage of tort liability claim files resolved within four (4) years without litigation

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

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

Measure: Percentage of service requests closed within 30 days

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Cost of Licensing Operations 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 looks 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.  
(The contract and budget allotment for technology services was transferred to the Division of Information Systems, which caused a reduction in the overall licensing operational expenses.)
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 helps 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 looks 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 active license for June, the last month of the fiscal year, will be the final amount for that fiscal year's report.

We request to revise the standard to \$3.35 per active license.

## 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: Cost of Investigation Operations per completed investigation

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of investigations per investigator

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of applications processed per licensing FTE

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of helpline call and service request audits that result in quality service

Action (check one):           N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of phone calls answered within four minutes

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of monetary eligible service requests that resulted in a recovery

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of investigations submitted by legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of funeral establishment inspections that do not require quality control follow-up

Action (check one):            N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Average time (days) to close an investigation

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of deficiency letters sent out within 5 business days of receiving the application

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Public Assistance Fraud/43500700

Measure: Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: 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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Percentage of first indemnity payments made timely

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of employer investigations conducted

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

The 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 4 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. Revise from 30,500 to 32,000 to align with current year results. **There are no changes to Data Sources and Methodology, Validity and Reliability from the previous fiscal year.**

## 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 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 percent 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 percent 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.

Revising to 86% to reflect a more accurate estimate based on actual performance results from FY 2013/2014. There are no changes to Data Sources and Methodology, Validity and Reliability from the previous fiscal year.

## 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:

The Medical Services Section increased the number of employees processing Petitions for Reimbursement Disputes to 10 during Fiscal Year (FY) 2013-2014. These employees surpassed the expected increase in production. The average number of cases resolved per case manager in FY 2013-2014, as recorded in the ARAMIS database, was projected forward for expected performance during FY 2014-2015. The estimated number of cases resolved for new case managers during FY 2014-2015 was added to the estimate.

### Validity:

The ARAMIS database has been shown to be accurate as a historical reference. The total case manager monthly performance was greatly consistent in the past. It is calculated that 10,428 petitions were resolved with 10 employees. This would make an average of 1,042 resolutions per employee. The medical services section currently has 9 employees. This is down from 10 due to end of fiscal year employee loss or relocation. It is predicted that at least 2 positions will be refilled. It is predicted that 10,500 petitions can be resolved in FY 2014-2015.

### Reliability:

Using this methodology on prior year data has shown to be a reasonable estimate of the number of resolutions issued. Since 10 employees averaged 1,042 resolved petitions, we can expect the same level of production rounded up to the nearest hundred.

$10 \times 1,042 = 10,420$  rounded up to 10,500. **There are no changes to Data Sources and Methodology, Validity and Reliability from the previous fiscal year.**

## 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 overall accepted claims Electronic Data Interchange (EDI) form filings

Action (check one):            **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: 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 4 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. **Revise from 61 to 59** as senior investigators are focusing on more complex cases and their performance standards have been adjusted and require fewer investigations per month. **There are no changes to Data Sources and Methodology, Validity and Reliability from the previous fiscal year.**



# Department of Financial Services

## Associated Activities 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 2013-14 (Words)	Associated Activities Title
1	Administrative costs as a percentage of total agency costs	ACT 0010 Executive Direction ACT 0030 Legislative Affairs ACT 0040 External Affairs (Consumer Advocate) ACT 0050 Cabinet Affairs ACT 0060 Inspector General ACT 0070 Communications/Public Information ACT 0080 Director of Administration ACT 0090 Planning and Budgeting ACT 0100 Finance and Accounting ACT 0110 Personnel Svcs/Human Resources ACT 0120 Training ACT 0130 Mail Room
2	Administrative positions as a percentage of total agency positions	ACT 0010 Executive Direction ACT 0030 Legislative Affairs ACT 0040 External Affairs (Consumer Advocate) ACT 0050 Cabinet Affairs ACT 0060 Inspector General ACT 0070 Communications/Public Information ACT 0080 Director of Administration ACT 0090 Planning and Budgeting ACT 0100 Finance and Accounting ACT 0110 Personnel Svcs/Human Resources ACT 0120 Training ACT 0130 Mail Room
3	Percentage of Department employees responding to an annual survey who indicate overall satisfaction with the Division of Administration services	ACT 0080 Director of Administration
4	Percentage of appointment (hiring) packages processed within the five day time standard	ACT 0110 Personnel Svcs/Human Resources



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010200 FY 2013-14 (Words)	Associated Activities Title
5	Percentage of closed files involving allegations of statutory violation that were successfully prosecuted	ACT 0020 General Counsel <hr/> <hr/> <hr/>

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010300 FY 2013-14 (Words)	Associated Activities Title
6	Information technology costs as a percentage of total agency cost	ACT 0300 Information Technology - Executive Direction ACT 0320 Information Technology - Application Development/Support  
7	Information technology positions as a percentage of total agency positions	ACT 0300 Information Technology - Executive Direction ACT 0320 Information Technology - Application Development/Support  
8	Percentage of scheduled hours computer and network is available	ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support  
9	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	ACT 0300 Information Technology - Executive Direction ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010400 FY 2013-14 (Words)	Associated Activities Title
10	Percentage of referred cases responded to and/or transferred within 10 days of receipt.	ACT 0040 Insurance Consumer Advocate
11	Percentage of rate filings subject to public hearing which were reviewed by our office.	ACT 0040 Insurance Consumer Advocate

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010500 FY 2013-14 (Words)	Associated Activities Title
12	Percentage of scheduled hours computer and network is available.	ACT 0300 Information Technology - FLAIR

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100200 FY 2013-14 (Words)	Associated Activities Title
13	Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle	ACT 1210 Provide analysis on securities held for deposit and qulaified public depositories ACT 0010 Executive Direction
14	Percentage of Collateral Administrative Program Transactions completed within three business days	ACT 1220 Process transactions, account changes and audit functions. ACT 0010 Executive Direction

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100300 FY 2013-14 (Words)	Associated Activities Title
15	Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period	ACT 1310 Investment of Public Funds
16	Percentage of core accounting processes that meet established deadlines and standards for accuracy	ACT 1330 Receive Funds, process payments of warrants and provide account and reconciliation services

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100400 FY 2013-14 (Words)	Associated Activities Title
17	Percentage of state employees participation in the State Deferred Compensation Plan	ACT 1410 Administer the state supplemental deferred compensation plan

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43200100 FY 2013-14 (Words)	Associated Activities Title
18	Number of agencies audited for Contract/Grant Managers Performance	ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement ACT 2110 Accounting and Reporting of State Funds
19	Percentage of Office of Fiscal Integrity investigations that result in action	ACT 2170 Conduct Fiscal Integrity Investigations
20	Number of contracts reviewed	ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement 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 2013-14 (Words)	Associated Activities Title
21	Number / dollar value of owner accounts processed	ACT 2220 Process and Payment of Unclaimed Property
22	Number of claims paid / dollar value of claims paid	ACT 2220 Process and Payment of Unclaimed Property
23	Percentage of claims processed within 60 days from date received (cumulative total)	ACT 2220 Process and Payment of Unclaimed Property
24	Number of new holders reporting unclaimed property in the fiscal year	ACT 2220 Process and Payment of Unclaimed Property ACT 2210 Collect Unclaimed Property Request Deletion

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300200 FY 2013-14 (Words)	Associated Activities Title
25	Percentage of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
26	Number of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
27	Percentage of fire code inspections completed within statutory defined timeframes	ACT 3220 Perform Fire Safety Inspections
28	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 2013-14 (Words)	Associated Activities Title
29	Percentage of referrals declined by State Attorney's Office for prosecution	ACT 3310 Investigate Fires - accidental, arson and other
30	Percentage of arson cases cleared	ACT 3310 Investigate Fires - accidental, arson and other
31	Percentage 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
32	Percentage 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 2013-14 (Words)	Associated Activities Title
33	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
34	Percentage of Fire College students passing certification exam on first attempt	ACT 3410 Provide state, local, and business professional training & education ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance
35	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 2013-14 (Words)	Associated Activities Title
36	Administrative costs as a percentage of program agency costs	ACT 0010 Executive Direction
37	Administrative positions as a percentage of total program positions	ACT 0010 Executive Direction
38	The number of items analyzed chemically plus the number of imaging	ACT 3510 Provide forensic laboratory services

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43400100 FY 2013-14 (Words)	Associated Activities Title
39	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)
40	Average cost of workers' compensation claims paid	ACT 4110 Provide adjusting services on state workers' compensation
41	Percentage of liability claims closed in relation to liability claims worked during the fiscal year	ACT 4120 Provide adjusting services on state liability claims
42	Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C.	ACT 4110 Provide adjusting services on state workers' compensation
43	Number of workers' compensation claims worked	ACT 4110 Provide adjusting services on state workers' compensation
44	Number of liability claims worked	ACT 4120 Provide adjusting services on state liability claims
45	Number of state property loss/damage claims worked	ACT 4130 Process property claims on state-owned buildings (structure & contents)
46	Percentage of tort liability claim files resolved within four (4) years without litigation	ACT 4120 Provide adjusting services on state liability claims
47	Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)	ACT 4140 Provide loss prevention training and consultation

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500100 FY 2013-14 (Words)	Associated Activities Title
48	Percentage of appraised value of assets liquidated for real property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
49	Percentage of appraised value of assets liquidated for personal property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
50	Percentage of service requests closed within 30 days	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 2013-14 (Words)	Associated Activities Title
51	Cost of Licensing Operations per active license	ACT 5210 Review Applications for licensure (qualification) ACT 5240 Administration of education requirements (pre-licensing and continuing education) ACT 5220 Administer Examinations and Issue Licenses
52	Cost of Investigation Operations per enforcement action	ACT 5250 Investigate Agents & Agencies
53	Percentage of licensees disciplined for a practice violation in the past 12	ACT 5250 Investigate Agents & Agencies Request Deletion
54	Average number of investigations per investigator	ACT 5250 Investigate Agents & Agencies
55	Average number of applications processed per licensing FTE	ACT 5210 Review Applications for Licensure (qualification)



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500300 FY 2013-14 (Words)	Associated Activities Title
56	Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
57	Number of insurance fraud arrests (not including workers' compensation cases)	ACT 5310 Investigate insurance fraud (general)
58	Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	ACT 5320 Investigate workers' compensation insurance fraud
59	Number of cases presented for prosecution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
60	Court ordered restitution as a percentage of requested restitution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
61	Requested restitution as a percentage of the annual appropriated budget	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500400 FY 2013-14 (Words)	Associated Activities Title
62	Percentage of helpline call and service audits 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
63	Percentage of consumers who rate the Division's service as good or excellent	ACT 5410 Respond to consumer requests for assistance
64	Percentage of phone calls answered within four minutes.	ACT 5430 Answer consumer telephone calls
65	Percentage of monetary eligible service requests that resulted in a recovery	ACT 5410 Respond to consumer requests for assistance

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500500 FY 2013-14 (Words)	Associated Activities Title
66	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
67	Percentage of funeral establishment inspections that do not require quality control follow-up	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
68	Average time (days) to close an investigation	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
69	Percentage of deficiency letters sent out within five (5) business days of receiving the application	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 43500700 FY 2013-14 (Words)	Associated Activities Title
70	Dollar amount of benefits withheld, saved, and recouped as a percentage of Public Assistance Fraud annual budget	ACT 9060 AFDC/Wages/Employee Fraud ACT 9070 Public Assistance Fraud Investigations ACT 9080 Medicaid Fraud Investigations
71	Number of completed cases resulting in referral for disqualification or prosecution	ACT 9060 AFDC/Wages/Employee Fraud ACT 9070 Public Assistance Fraud Investigations ACT 9080 Medicaid Fraud Investigations

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43600100 FY 2013-14 (Words)	Associated Activities Title
72	Percentage of first indemnity payments made timely	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
73	Number of employer investigations conducted	ACT 6120 Verify that employers comply with workers' compensation laws
74	Percentage of disputes resolved for injured workers by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers
75	Number of Petitions for Reimbursement Disput Resolution resolved	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions
76	Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
77	Average number of Workers' Compensation employer investigations completed monthly	ACT 6120 Verify that employers comply with workers' compensation laws

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2013-14			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT				301,801,171	188,000
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)				9,869,919	0
FINAL BUDGET FOR AGENCY				311,671,090	188,000
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					172,834
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.		6,407	58.53	375,002	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		69,073	14.93	1,031,014	
Investment Of Public Funds * Dollar Volume of Funds Invested		21,100,000,000	0.00	721,946	
Provide Cash Management Services * Number of cash management consultation services.		29	35,194.24	1,020,633	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		3,278,974	0.51	1,681,041	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,685,464	1.00	1,685,935	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		35,654	132.70	4,731,230	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,518,526	0.12	1,113,346	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		366,437	11.78	4,315,879	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		6	378,880.67	2,273,284	
Process State Employees Payroll * Payroll payments issued		3,102,597	0.81	2,508,026	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		12	15,764.25	189,171	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		18	52,770.39	949,867	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,359,186	1.20	2,823,002	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		342,234	8.89	3,042,350	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,047	67.54	543,487	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,447	270.65	4,180,703	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		543	1,031.10	559,889	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,397	400.78	559,889	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		1,391	9,895.42	13,764,528	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		132,009	30.04	3,965,283	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		6,004	317.06	1,903,606	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		12,431	87.53	1,088,112	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,613,062	0.15	398,177	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		19,298	1,522.90	29,388,898	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,427	2,578.90	11,416,787	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		2,188	9,125.34	1,989,324	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		242	7,759.80	1,877,871	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		39	17,787.97	693,731	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		102,829	26.65	2,739,972	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		36,140	42.66	1,541,782	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,730,733	0.41	713,373	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		205,468	2.02	415,538	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,949	2,005.57	5,914,417	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,547	11,190.10	17,311,087	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		848	5,614.39	4,761,000	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		53,259	79.51	4,234,674	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		341,936	2.11	720,096	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		339,028	14.05	4,762,300	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,898	1,223.91	2,322,983	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		87,903	49.33	4,336,041	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		35,294	387.00	13,658,684	
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.		1,005	4,809.27	4,833,313	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		2,491	528.63	1,316,829	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		124,608,427	0.01	680,448	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,377,802	0.70	3,768,668	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		10,428	140.92	1,469,497	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		4,717	1,253.67	5,913,569	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed		68	13,458.85	915,202	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		700	4,459.46	3,121,623	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		7,866	1,890.62	14,871,584	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		15,356	528.61	8,117,325	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		317	20,342.26	6,448,498	
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.		27,952	88.35	2,469,576	
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.		216	55,081.99	11,897,709	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		25	29,871.96	746,799	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		189	19,642.49	3,712,431	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		600	4,821.42	2,892,850	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		272	21,891.12	5,954,385	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		54,307	47.00	2,552,451	
TOTAL				245,912,715	172,834
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				33,957,153	
REVERSIONS				31,801,312	15,166
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				311,671,180	188,000

## 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
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	299,722	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	642,138	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	12,720,351	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	750,000	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	128,447	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	14,495,110	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,780,920	
43500400	1205000000	ACT9010	TRANSFER TO FLORIDA CATASTROPHIC	750,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,149,385	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	241,080	

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 TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	311,671,090	188,000
TOTAL BUDGET FOR AGENCY (SECTION III):	311,671,180	188,000
DIFFERENCE:	90-	
(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

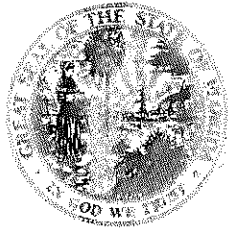
Unit Cost: The average total cost of producing a single unit of output – goods and services for a specific agency activity.

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)



## OFFICE OF INSURANCE REGULATION

**KEVIN M. McCARTY**  
COMMISSIONER

**FINANCIAL SERVICES  
COMMISSION**

**RICK SCOTT**  
GOVERNOR

**JEFF ATWATER**  
CHIEF FINANCIAL OFFICER

**PAM BONDI**  
ATTORNEY GENERAL

**ADAM PUTNAM**  
COMMISSIONER OF  
AGRICULTURE

September 30, 2014

Cynthia Kelly, 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

Cyndy Kynoch, Staff Director  
Senate Committee on Appropriations  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, the 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 in this document is a true and accurate presentation of our mission, goals, objectives and measures for Fiscal Year 2015-16 through Fiscal Year 2019-20. Pursuant to Section 216.1827, Florida Statutes, the Office is seeking legislative approval of the new and revised performance measures and standards through the budget amendatory process in Fiscal Year 2014-15. The web address for the link to this LRPP on the Florida Fiscal Portal is [www.floir.com](http://www.floir.com). I have approved this LRPP.

Should further information be required, please contact Rebecca Matthews, Chief of Staff, at 850-413-5086. You may also contact me at 413-5914.

Sincerely,

  
Kevin M. McCarty

...  
KEVIN M. McCARTY • COMMISSIONER  
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334  
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**OFFICE OF INSURANCE REGULATION**

*Kevin M. McCarty*  
*Commissioner*

**Long-Range Program Plan**

**Fiscal Years 2015-16 through 2019-20**

**September 2014**





## FLORIDA OFFICE OF INSURANCE REGULATION

### **Office Mission, Vision, and Goals**

#### **Mission**

Promote a stable and competitive insurance market for consumers.

#### **Vision**

The Florida Office of Insurance Regulation envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

#### **Goals**

1. Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.
2. Protect the public from illegal, unethical insurance products and practices.
3. Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.
4. Operate in an efficient, effective and transparent manner.

# Goals, Objectives, Service Outcomes and Performance Projection Tables

**Program: Office of Insurance Regulation  
43900110 Compliance and Enforcement**

***GOAL #1: Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.***

OBJECTIVE 1.A.: Process product filings expeditiously.

OUTCOME 1.A.1.: Percentage of life and health form and rate filing reviews completed within 45 days.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
90%	90%	90%	90%	90%	90%

OUTCOME 1.A.2.: Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews within 90 days.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
90%	90%	90%	90%	90%	90%

OBJECTIVE 1.B.: Enable new companies to enter the market expeditiously.

OUTCOME 1.B.1: Percentage of complete applications for a new certificate of authority processed within required timeframes.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
98%	98%	98%	98%	98%	98%

***GOAL #2: Protect the public from illegal, unethical insurance products and practices.***

OBJECTIVE 2.A.: To act upon allegations of unethical or illegal products or practices.

OUTCOME 2.A.1.: Percentage of market conduct examinations with violations in which the Office takes enforcement action.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
85%	85%	85%	85%	85%	85%

**GOAL #3: Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.**

OBJECTIVE 3.A.: Conduct financial examinations of domestic companies in a timely manner.

OUTCOME 3.A.1.: Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
98%	98%	98%	98%	98%	98%

OBJECTIVE 3.B.: Conduct financial analyses of companies in a timely manner.

OUTCOME 3.B.1.: Percentage of priority Financial Analyses completed within 60 days.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
98%	98%	98%	98%	98%	98%

OUTCOME 3.B.2.: Percentage of non-priority Financial Analyses completed within 90 days.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
95%	95%	95%	95%	95%	95%

**Program: Office of Insurance Regulation  
43900120 Executive Direction and Support Services.**

**GOAL #4: Operate in an efficient, effective and transparent manner.**

OBJECTIVE 4.A.: Maximize administrative efficiency and productivity for the benefit of insurance consumers and companies.

OUTCOME 4.A.1.: Administrative costs as a percentage of total agency costs.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
10%	10%	10%	10%	10%	10%

OUTCOME 4.A.2.: Administrative costs as a percentage of total agency positions.

Baseline FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
10%	10%	10%	10%	10%	10%

## Linkage to Governor's Priorities

### Economic Development and Job Creation

**Focus on Job Growth and Retention.** The Office works to retain existing companies and attract new companies and products to this state. In the 2014 Session, the Office worked closely with the Governor's Office and legislators on statutory changes that provide incentives for title insurers to re-domesticate to Florida. Consequently, the Office expects several title insurers to move to Florida and create hundreds of new jobs.

The Office also periodically hosts a business development conference and market outreach program organized within the existing resources of the Office. This conference provides companies with direct access to Office staff and a forum for companies to gain a better understanding of the requirements for doing business in Florida. This event will be held in October 2014.

**Reduce Taxes.** During FY 2013-14, the Office approved 976,713 policies for removal from Citizens Property Insurance Corporation (Citizens)—the property insurer of last resort in Florida. Private companies removed 340,324 policies. As of year-end 2013, Citizens had reduced its exposure by 26 percent, 100-year probable maximum loss by 18 percent, and total potential assessments on both Citizens and Florida policyholders by \$4 billion—a 42 percent reduction. In addition, in the 2014 Session, the Office supported legislation limiting premium taxes to a smaller share of the title insurance premium dollar, resulting in premium tax reductions.

**Regulatory Reform.** By order, the Office reformed the property and casualty forms review process. It authorized property and casualty insurers (other than for workers' compensation) to certify compliance with legal requirements and use the product unless and until subsequently disapproved. The Legislature made this process permanent for all but personal residential and workers' compensation products.

### Maintaining Affordable Cost of Living in Florida

**Accountability Budgeting.** The Office maintains low administrative expenses and closely monitors staff productivity by tracking workload and processing times.

**Reduce Government Spending.** As just one example, three forms review teams from within the Office received a 2014 Prudential Davis Productivity Award for state employee innovation and productivity. Team members reviewed between 10 and 30 percent more filings than in the prior year, with fewer staff, at significant savings in salaries and benefits. One team completed filings 15 days faster on average, representing a 10 percent overall improvement. Together, the three teams saved the state and taxpayers approximately \$261,530. The Office has also emphasized paperless transactions to lower transaction costs and accelerate product approval, achieving widespread electronic filing capabilities.

**Reduce Taxes.** See "Reduce Taxes," above.

# Trends and Conditions

## **A. Primary Statutory Responsibilities of the Office**

The following are the primary statutory responsibilities of the Office:

- License insurance companies and insurance-related entities.
- Review forms and rates for insurers and insurance-related entities.
- Monitor the financial condition of insurers and require corrective actions when necessary.
- Enforce insurer and insurance-related entity compliance with statutory market conduct requirements.
- Attract companies and capital to the Florida insurance market.
- Collect and analyze insurance market data for use by the Office, policymakers, companies and the general public.

### **1. Status of Key Statutory Responsibilities**

The Office budget for FY 2014-15 is \$30.7 million, with 288 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund. No state general revenue dollars are appropriated to the Office. Ninety-three percent of every dollar received by the Office is spent on regulatory and enforcement activities. Administrative costs represent a very small share of the total Office budget.

#### Certificates of Authority

The Office is actively engaged in licensing insurance companies and related entities through the certificate of authority application process. As a general rule, the Office must act upon a complete certificate of authority application within 180 days of receipt.

<sup>1</sup> Certificates for health maintenance organizations require approval or denial within 90 days, as do amendments to existing certificates.<sup>2</sup> The Office makes every effort to assist companies in moving through the licensure process as expeditiously as possible. Through I-Apply, the electronic application process, the Office has reduced application processing time. The Office website also provides prospective applicants with instructions for fulfilling specified requirements.

#### Form and Rate Review

The Office reviews form and rate filings for compliance with Florida law. Timeframes for Office review of forms and rates vary by line and product type. The speed at which companies are licensed or new products make it to market depends in part on the complexity of the application or filing, the quality and completeness of the company submission and the time it takes for the Office to review the application or filing.

The Office offers companies a widespread opportunity to submit applications and form and rate filings electronically. This capability has contributed to faster processing times.

Several policy and process changes have dramatically reduced Office forms review processing time. First, during the 2013 Session, the Legislature codified the Form Certification Program developed by the Office, but limited it to property and casualty commercial lines, excluding workers' compensation. Insurers may take these products to market immediately upon certifying compliance with current law. Second, the Office revised its approach to reviewing changes to previously approved forms. Instead of re-reviewing the entire filing, the Office now focuses on the revised language and on any areas affected by recent legislative changes. Third, as a result of the Property and Casualty Combined Filings Technology Project, companies

may now submit a form filing including multiple sub-types of insurance, without having to file each sub-type of insurance separately. This reduced the number of overall form filings for FY 2013-14 by 17.9 percent. Fourth, in an effort to address the backlog of property and casualty insurance filings, the Legislature allocated new forms analyst positions to the Office, beginning July 1, 2013. Finally, three forms review teams received 2014 Prudential Davis Productivity Awards for state employee innovation and productivity, saving the state and taxpayers an estimated \$261,530.

#### Financial Oversight

Monitoring the financial condition of regulated insurance entities is a key responsibility of the Office. This includes reviewing the financial books and records of insurance companies and related entities.

Actuarial reviews, financial analyses and periodic financial examinations are conducted by the Office. During the financial analyses and financial examinations, the Office evaluates the quality of assets, adequacy of stated liabilities, and general operating results.

The Office must conduct a financial examination of each domestic insurer at least once every five years, and each insurer applying for an initial certificate of authority. Examinations must be concluded within 18 months of the "as of" examination date as provided in the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. When circumstances warrant heightened review, the Office conducts specific targeted reviews. The Office also participates in multi-state financial examinations under the auspices of the NAIC.

Financial analyses or desk reviews are conducted quarterly and annually. Under NAIC accreditation standards, a review of a priority company (those with a major or serious violation or problem) must be completed within 60 days. Reviews of a non-priority company (those with minor or no violations) must be completed within 90 days.

#### Market Conduct Examinations and Investigations

The Office safeguards the public from unethical and illegal insurance products and practices. First, the Office monitors insurance company products and practices and enforces compliance with the Florida Insurance Code. This monitoring role also includes identifying unlicensed entities that are transacting insurance illegally. Second, when appropriate, the Office provides technical assistance and corrective guidance in its interaction with insurance companies for the benefit of Florida insurance consumers. Third, the Office makes an extensive amount of insurance regulatory information and numerous consumer resources available to the public through a user-friendly web site and social media.

Market conduct examinations and investigations are two of the key tools the Office uses to protect the public from illegal and unethical insurance products and practices. Through these examinations and investigations, the Office reviews insurer business practices and identifies any violations of Florida law. Consistent with the trend nationally, the Office emphasizes issue-specific, complaint-driven ("target") examinations and collaborative multi-state examinations, rather than routine examinations performed at regular intervals. Issues identified include policy forms; claims communication response times; documentation of mailings; proper claims investigation; cancellation/nonrenewal notices; failure to pay interest on overdue claims and monitor a third-party administrator; unfavorable claims settlements; and internal coding errors. In addition, the Office also pursues unlicensed activities.

The Office also identifies significant issues adversely affecting consumers through a related tool—market analyses. These desk reviews consist of a review and analysis of information

reported in financial statements, in complaint data, and through lawsuit activity and other available data sources.

## 2. Technology in Carrying Out Statutory Responsibilities

The Office has one of the most advanced regulatory technology systems in the country, featuring comprehensive electronic insurance company form, rate and data filing systems. The Office engages in numerous mission-related technology enhancement initiatives and data collection activities. This system, along with the data it produces and makes accessible to the public, plays a major role in advancing Office goals and objectives and achieving performance outcomes. Recent enhancements include:

- Improving the user filing experience with more company-specific detail and internal management of company data, and accelerating the approval of new company applications.
- Converting the Private Passenger Auto Excessive Profits application from an expensive and outdated legacy hardware system to an efficient filing submission method.
- Modifying the Data Collection and Analysis Modules to handle a record number of ad hoc surveys and examinations in 2013, while reducing contractor hours and time-to-production, resulting in cost savings and more simultaneous data collection and reporting activities.
- Rolling out improvements to the Company and Related Entities Navigator.
- Expanding the external search options for form and rate filings.
- Expanding the statistical analysis reporting system to use a central reporting website. The reports help management evaluate workload and performance with real-time data updates.

## 3. Market Conditions in Florida

**Overall.** The insurance industry is a vital part of Florida’s economy and a catalyst for our continuing economic recovery. The number of insurance entities in Florida has increased from 3,400 in 2003, to nearly 4,200 as of June 30, 2014. In 2012 (most recent available), insurance-related activity accounted for over \$18 billion in economic output in Florida. In 2013, Florida direct written premium exceeded \$120 billion. Compared to other nations and states, Florida ranks 12<sup>th</sup> in total written premium.<sup>3</sup>

Overall, competition is strong in most insurance lines in Florida. Based on top five and top ten market share analysis, market concentration varies across lines as shown in Table 1.

Table 1. Percentage Market Share of Top Writers, Selected Lines (2013)			
Line of Business	Largest Share	Top 5	Top 10
Accident and Health	16.3	49.4	61.5
Commercial Multi-Peril (Non-Liability)	19.6	40.9	55.3
Homeowners’ Multi-Peril	14.5	36.8	50.7
Life	06.4	23.2	38.0
Medical Malpractice Liability	22.5	48.0	60.1
Private Passenger Auto No-Fault (PIP)	17.2	48.0	62.8
Title	31.8	84.2	97.1
Workers’ Compensation	11.3	29.1	42.5

For 2013, residual market premium as a percentage of total premium was highest for homeowners' multi-peril coverage with Citizens writing approximately 14.5 percent of total premium. Although still relatively small at 1.3 percent of total premium, the residual market for workers' compensation has grown significantly in both policy count and premium since 2010, with the number of policies up 126 percent, from 807 to 1,831, and up 50 percent from 2012 to 2013.

**Auto/PIP.** The Florida private passenger auto insurance market has been dominated by concerns over No-Fault Personal Injury Protection (PIP) coverage. From 2004 to 2011, the number of drivers and auto accidents remained relatively constant, but the number of PIP claims and payments skyrocketed. Since HB119 became law on October 1, 2012, through the period April 15, 2014, PIP rates for the top 20 insurers have declined an average of 14.4 percent. While not all insurers have experienced decreases in PIP, all insurers have recognized the savings due to HB 119 when determining the changes needed in the rate filings.

**Flood.** Over the course of 35 years, Floridians have paid four times as much in premium as they have received in claims payments under the federal flood insurance program. Against this backdrop, the Office has been working creatively to facilitate a private flood insurance market in Florida, issuing an October 2013 informational memorandum for companies interested in writing flood in this state. In 2014, legislation establishing a framework for private insurers to write primary flood coverage in Florida became law.

**Health.** In the transition following the enactment of the federal Patient Protection and Affordable Care Act (PPACA) in 2010, the number one health insurance priority of the Office has been to protect Florida's competitive health insurance market and preserve regulatory stability. This has occurred against the backdrop of federal regulatory uncertainty and ongoing litigation over the constitutionality of the PPACA. Despite this environment, the Florida health insurance market remained stable throughout 2013 and into 2014.

Filed rates in the individual market for the 2015 plan year are 13.2 percent higher than 2014 rates. For 2014, premiums have risen consistent with Office estimates. Federal subsidies offset a portion of the premiums for eligible Floridians. In addition, according to the U.S. Department of Health and Human Services, 981,273 Floridians benefitted from medical loss ratio refunds of over \$41.7 million for 2013—an average per family refund of \$65.

<sup>4</sup> In 2015, the Office will resume health insurance rate review authority after a two-year legislatively imposed hiatus. During this period, the Office has been receiving rate filings on an informational basis.

The Office has experienced a significant increase in health insurance stop-loss filings in 2013, suggesting that more small and large group employers are self-funding their health insurance plans in response to the PPACA. This trend is expected to continue into 2014. Dental filings also increased in 2013. This is likely the result of the PPACA pediatric dental coverage requirement and allowing "stand-alone" dental products to be offered on the exchanges. The Office also experienced an increase in supplemental health insurance filings not designed as PPACA-compliant policies.

Floridians generally have a full range of PPACA-compliant plan options available at all metal levels, both on and off the Federal Exchange, although availability is more constrained in a number of the smaller, more rural counties. For the 2014 plan year, insurers offered nearly five times as many PPACA-compliant off-Exchange metal level plans as on-Exchange plans—1,522 to 352.

A new form of managed care health care provider known as an accountable care organization is recognized under the PPACA. These are operated by medical groups which coordinate patient care and treatment. Although Florida does not have a specific licensing category for an



accountable care organization, these entities will be assuming insurance underwriting risk which typically requires a license and oversight by the Office.

Office workload continues to be impacted by the PPACA and is intensifying in advance of the Office resuming full rate review authority. The flood of federal rulemaking, guidance and informational memoranda requires constant monitoring, actuarial and legal analysis and response by Office staff. In addition, the PPACA has increased the number of filings and the time required to review filings due to added actuarial and regulatory complexities.

**Property.** The Florida homeowners' insurance market, the largest among all states based on premium volume, is the strongest it has been in 10 years. Rates are stabilizing, reinsurance costs are declining, and Citizens is shrinking.

Property and casualty insurers have shown resilience by remaining profitable in the face of reduced yields on investments and increases in fraudulent claims. As of year-end 2013, Florida domestics, which make up a majority of this market, had built up \$4.8 billion in surplus, a 45 percent increase from year-end 2011 to year-end 2013; over \$16 billion in reinsurance capacity; and grown net income over the same 2-year period. This has fueled new competition, giving Florida consumers more choices and ultimately better rates for homeowners' coverage. Our Florida domestic industry is well-positioned to satisfy the demand for new coverage resulting from continued population growth.

For Fiscal year 2013-14, the Office approved 976,713 Citizens policies for take-out, with 340,324 policies assumed by the private market. Citizens' policy count decreased to just over 900,000 policies. As of year-end 2013, Citizens' total exposure had dropped by 26 percent – a \$110 billion reduction; and its 100 year-PML had decreased by 18 percent – a \$4 billion reduction. Reducing the size and scope of Citizens is a major factor in restoring a fully stable and competitive property insurance market in Florida and attracting new capital to Florida. With the launch of the clearinghouse in February 2014, Citizens intends to reverse the historical pattern of a large number of take-outs offset by an influx of new policies.

The reinsurance market is very favorable for insurers and the trend in Florida remains positive as rates decline. Companies have generally used the savings either to purchase increased coverage, reduce rates, or a combination of the two. The market continues to soften, particularly with the availability of more nontraditional reinsurance vehicles.

**Workers' Compensation.** In the span of 10 years, the Florida's workers' compensation market has undergone unprecedented transformation. Once one of the most expensive, least competitive and least efficient workers' compensation markets in the country, today's market is now one of the most competitive, efficient and affordable, due in large part to legislation enacted in 2003. Rates are 56 percent lower than in 2003. The Florida market continues to expand, with 263 companies (including the joint underwriting association) writing \$2.3 billion in workers' compensation coverage in 2013. There is geographic diversification, with six of the top 10 writers domiciled in Florida. The outcome of several court cases currently pending before the Florida Supreme Court could have substantial ramifications for workers' compensation costs.

#### **4. New Laws**

Undercurrents of change are occurring within the insurance marketplace, both domestically and globally. Domestically, two of the most dramatic and immediate in recent years come from Washington—the PPACA and the Biggert-Waters Flood Insurance Reform Act.

## Federal

### *Patient Protection and Affordable Care Act (PPACA)*

The PPACA was passed by the U.S. Congress and signed by the President in March 2010. As of January 1, 2014, all new and renewed major medical health insurance plans, other than grandfathered and transitional plans, must cover "essential health benefits." In addition, insurers may not exclude pre-existing conditions. Health insurance coverage for these major medical plans is on a guaranteed issue basis. Limits are imposed for maximum out-of-pocket expenses.

### *Biggert-Waters Flood Insurance Reform Act of 2012 and Homeowner Flood Insurance Affordability Act of 2013*

In the aftermath of federal flood insurance reform, passions hit a fever pitch as some policyholders felt the effects of "market-based" rate hikes. Congress has since reversed course on some of the more controversial provisions, though this window of relief is temporary. In enacting the Homeowner Flood Insurance Affordability Act of 2013, Congress retreated from many of the market-based rate reforms contained in the 2012 Biggert-Waters Flood Insurance Reform legislation (BW-12). It also ordered insurers to refund any additional premium paid under subsequently repealed sections of BW-12.

## Florida

Several key pieces of legislation became law in Florida in 2014 with significant impacts on the Office and the insurance marketplace.

### *Flood Insurance*

Legislation approved by the Legislature in 2014 in response to federal reforms established a framework for private insurers to write primary flood coverage in Florida. To encourage companies to participate, the Legislature is permitting flood rates to be filed on an informational basis until October 1, 2019. Insurers may define "flood" to include water intrusion originating outside the home (without the NFIP two-acre requirement), and surplus lines agents may export coverage without having to secure three declinations. Insurers must notify the Office before writing flood coverage and file a business plan and financial projections.

### *Insurer Solvency Legislation*

Insurer solvency legislation passed and became law. This was the top legislative priority of the Office and contains a number of critical modernizations. Most of these revisions were necessary to keep Florida laws consistent with NAIC models and for the Office to maintain NAIC accreditation. The new law requires enterprise risk reporting at the holding company level, enhances regulator access to data and information from non-insurance operations; provides authority for the Office to participate in supervisory colleges and expands information sharing; and requires insurers using captives to reinsure to file certain financial information with the Office. Implementation will be a substantial undertaking throughout most of 2014 and into 2015.

### *Principle-Based Reserving*

Florida approved principle-based reserving (PBR) for certain life insurance products effective no sooner than January 1, 2017. Ultimately, PBR will take effect if the NAIC state-adoption

thresholds are achieved. This NAIC solvency modernization initiative in the life insurance arena comes at a time when some life insurers are struggling due in part to the low interest rate environment. The adoption of PBR moves Florida from a static "one-size-fits-all," formulaic approach to reserving to a more labor-intensive principles-based method.

#### *Title insurance*

New laws reducing taxes on title insurance premiums and statutory premium reserve levels for domestic insurers took effect in 2014. These changes are expected to lead to the re-domestication of several title insurers to Florida, one of which has already filed the necessary paperwork. Florida currently has no domestic title insurers. Florida may become the primary state regulator for financial examination and solvency monitoring purposes.

On the heels of a 2012 law effectively establishing the Office as the rating agency for the title insurance industry, the Legislature approved legislation ratifying a Financial Services Commission (FSC) rule implementing a statutory requirement for insurers and agencies to submit data to the Office for rate review purposes.

### **B. What Led the Office to Select its Priorities?**

The priorities of the Office are defined by the Insurance Commissioner from within the set the statutorily required responsibilities assigned by the Legislature, and implemented through rules adopted by the FSC.

### **C. How Does the Office Plan to Address the Priorities over the Next Five-Year Period?**

The Office will address stated priorities and pursue its mission by:

- Expeditiously licensing insurance companies and insurance-related entities.
- Promptly reviewing forms and rates for insurers and insurance-related entities.
- Thoroughly monitoring and analyzing the financial condition of insurers and requiring corrective action when appropriate.
- Judiciously enforcing insurer and insurance-related entity compliance with statutory market conduct requirements.
- Attracting more companies and capital to the Florida insurance market.
- Efficiently collecting and analyzing insurance market data for use by the Office, policymakers, companies and the general public.
- Actively participating in national and global regulatory policy formulation and standard-setting affecting Florida markets, companies and policyholders.

### **D. Justification of Revised or Proposed New Programs and/or Services**

The Office is not recommending any new programs or services. Regarding the impact of policy changes, refer to F., below.

### **E. Justification of the Final Projection for each Outcome (Include an Impact Statement Relating to Demand and Fiscal Implications)**

The final projection for each outcome is based on historical experience, trend, and resources, and reflects the relative priorities of the Office as established by the Legislature, the Financial Services Commission, and the Insurance Commissioner. Demand is expressed through workload which is described under each goal contained in this Long Range Program Plan. The Office continues to focus on productivity enhancements in an effort to achieve goals consistent with the stated mission.

**F. List of Potential Policy Changes Affecting the Office Budget Request or Governor’s Recommended Budget**

Legislative approval of the NAIC principle-based reserving model in the 2014 Session for certain life insurance products may require additional staff resources to implement. The Office is evaluating future needs. Training of existing actuarial staff will likely be necessary, and additional actuarial support may be necessary given the more customized, less formulaic approach to establishing insurer reserves.

With a 2012 law effectively establishing the Office as the rating agency for the title insurance industry, and a subsequent legislatively ratified FSC rule, the Office will require additional resources to collect and analyze data submitted by the title insurance industry and review and set rates. With over 1,500 insurers and agencies in Florida, these functions will constitute a major annual undertaking for the Office beginning in FY 2015-16.

Office workload continues to be impacted by the PPACA and is intensifying in advance of the Office resuming full rate review authority. The flood of federal rulemaking, guidance and informational memoranda requires constant monitoring, actuarial and legal analysis and response by Office staff. In addition, the PPACA has increased the number of filings and the time required to review filings due to added actuarial and regulatory complexities.

**G. List of Changes Requiring Legislative Action, including the Elimination of Programs, Services and/or Activities**

None

**H. List of all Task Forces and Studies in Progress**

**1. Commissions, Boards and Task Forces**

The Office is involved with numerous insurance-related commissions, boards and task forces, including the following:

Life and Health

- AHCA Medicaid Reform Low Income Pool Council
- Birth-Related Neurological Injury Comp. Association
- Children’s Medical Services Network – Advisory Council
- Continuing Care Advisory Council
- Cover Florida Health Care
- Florida Employee Long-Term Care Plan
- Florida Health Choices Board
- Florida Health Maintenance Organization Consumer Assistance Plan
- Florida Healthy Kids
- Florida Health Insurance Advisory Board
- Medicaid Reform Technical Advisory Board
- State Consumer Health Information and Policy Advisory Council

Property and Casualty

- Citizens Market Accountability Advisory Committee
- Citizens Property Insurance Corporation
- Florida Auto Joint Underwriting Association

- Florida Commission on Hurricane Loss Projection Methodology
- Florida Energy and Climate Commission
- Florida Workers' Compensation Joint Underwriting Association
- Florida Hurricane Catastrophe Fund
- Florida Medical Malpractice Joint Underwriting Association
- Florida Patient's Compensation Fund
- Florida Surplus Lines Service Office
- NCCI Appeal Board
- Workers' Compensation Three Member Panel

## **2. Studies and Reports**

### Special Reports

- Interstate Insurance Compact—Report on Parity of Consumer Protections
- Secondary Life Insurance Market Report to the Florida Legislature

### Annual Reports

- Accident and Health Gross Annual Premium Report
- Cover Florida Health Access Program Report
- "Freedom to Travel"/Life Insurance Travel Underwriting Company Report
- Health Flex Program Evaluation (Joint Report with Agency for Health Care Administration)Legislative Budget Request
- Long Range Program Plan
- Medical Malpractice Liability Claims—Annual Summary
- Office of Insurance Regulation Annual Report
- Officers and Directors Liability Claims—Annual Summary
- Personal Lines Property Residential Coverage Rate Report
- Workers' Compensation—Marketplace Availability and Affordability

### Biennial – Triennial – Quadrennial Reports

- Agency Rules Report (Identifies Rules Filed for Adoption and Repeal)
- Citizens Market Conduct Examination—Plan of Operation and Internal Operations Compliance
- Financial Services Commission—Independent Actuarial Peer Review of Workers' Compensation Rating Organization
- Neurological Injury Compensation Association Actuarial Investigation
- Restrictions on the Employment of Ex-offenders
- Title Insurance—Premium Review
- Workers' Compensation Three member Panel—Methods to Improve the Workers' Compensation Health Care Delivery System (the Office provides data and support to the Department of Financial Services to complete recommendations)

## Office of Insurance Regulation Budget Overview Fiscal Year 2014-15

Appropriation Category	2013-14 Funding	2014-15 Funding	Difference Over/(Under)
<b>Positions</b>	288	288	0
<b>Salaries and Benefits</b>	\$18,259,213	\$19,425,731	\$1,166,518
<b>Other Personal Services</b>	\$375,000	\$265,169	(\$109,831)
<b>Expenses</b>	\$2,512,782	\$2,518,972	\$6,190
<b>Operating Capital Outlay</b>	\$35,000	\$35,000	\$0
<b>SPECIAL CATEGORIES</b>			
<b>Contracted Services</b>	\$805,726	\$780,726	(\$25,000)
<b>Financial Examination Contracts*</b>	\$4,926,763	\$4,926,763	\$0
<b>Florida Public Hurricane Model (Maintenance)</b>	\$588,639	\$632,639	\$44,000
<b>Florida Public Hurricane Model (Enhancements)**</b>	\$1,543,300	\$1,543,300	\$0
<b>Transfer to FIU (Wall of Winds Enhancements)***</b>	\$0	\$300,000	\$300,000
<b>Risk Management Insurance</b>	\$262,960	\$162,559	(\$100,401)
<b>Lease or Lease-Purchase of Equipment</b>	\$27,403	\$27,403	\$0
<b>Transfer to DMS - HR Services</b>	\$101,323	\$95,221	(\$6,102)
<b>TOTAL</b>	<b>\$29,438,109</b>	<b>\$30,713,483</b>	<b>\$1,275,324</b>
<p>*Budget Authority for Property &amp; Casualty and Life &amp; Health insurer financial exams. Insurers reimburse the Insurance Regulatory Trust Fund for exam costs.  **Non-Recurring Funding for Storm Surge Enhancements  ***Non-Recurring Funding for Enhancements to the Wall of Wind at FIU</p> <p><u>Disclaimer:</u> The Appropriations above represent funds allocated to the Office of Insurance Regulation as approved by the Legislature for the annual fiscal period beginning July 1, 2014, and ending June 30, 2015. The Office is funded entirely from the Insurance Regulatory Trust Fund.</p>			

## Glossary

**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.

**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.

**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.

**Financial Services Commission:** Pursuant to Section 20.121(3), Florida Statutes, the Commission "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 Commission is composed of the Governor and Cabinet and contains the Office of Insurance Regulation and Office of Financial Regulation.

**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.

**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.

**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.

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.

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 Corporation, the Florida Workers' Compensation Joint Underwriting Association and all other residual market entities within the state.

Standard: The level of performance of an outcome or output.



## **Kevin M. McCarty** **Commissioner of Insurance Regulation**



Florida Insurance Commissioner 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 Cabinet announced McCarty as the first appointed insurance Commissioner in January 2003

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, implementing personal injury protection (PIP) reform and protecting Florida's consumers. McCarty continues to support depopulation efforts of the state-run property insurer, Citizens Property Insurance Corporation. He has played a key role over the years in promoting lower workers' compensation premiums, and chairs the state's cost containment board – the Workers' Compensation Three- Member Panel. McCarty is also the chair of the Florida Health Insurance Advisory Board.

McCarty remains committed to promoting growth and attracting capital to the Florida insurance market through continued interactions with domestic and foreign companies as well as global reinsurers and investor groups. As an advocate for encouraging business and capital growth, McCarty supports expanded opportunities for international insurers to operate in Florida. He was a leader in turning the life industry to a different paradigm returning millions of dollars to consumers through market conduct exams of life insurance companies' use of the Social Security Administration's Death Master File. The Office, through combined efforts with Chief Financial Officer Jeff Atwater and Attorney General Pam Bondi, was the first insurance regulator in the nation to enter into a regulatory settlement agreement requiring corrective actions pertaining to these claims settlement practices and the reporting and remitting of unclaimed property. Florida currently chairs the task force created by the National Association of Insurance Commissioners (NAIC) to guide and coordinate the multi-state examination process.

McCarty's work within the NAIC ensures Florida consumers and insurers have a voice on national insurance issues. He served as President of the NAIC in 2012, and achieved the organization's key initiatives which included: approving changes to the Actuarial Guideline 38; and the adoption of the Valuation Manual for implementing Principle Based Reserving. Florida will participate on over 50 committees, task forces and work groups in 2014. McCarty also serves as Secretary of the Non-Admitted Insurance Multi-State Agreement group.

He has elevated Florida's international presence by serving as a NAIC representative on the International Association of Insurance Supervisors' Executive and Technical Committees and is the co-vice chair of the IAIS Executive Committee. McCarty has been privileged to testify on several occasions before the U.S. Congress on a number of insurance related matters.

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. He was also named 2008 Regulator of the Year by LexisNexis. McCarty received his Bachelor's and Juris Doctorate degrees from the University of Florida.

### **Overview of Office of the Commissioner**

The Commissioner provides senior-level executive, regulatory and policy leadership. Through the Office, the Commissioner executes and enforces all regulatory responsibilities in furtherance of the public interest. The Commissioner oversees the review of company rate and form filings across regulated lines of insurance and takes appropriate action; monitors the financial strength, solvency and enterprise risk of insurance companies doing business in this state; and ensures that contract provisions keep up with changing legal and market conditions. The Commissioner also advises the Governor, Financial Services Commission, and Legislature on matters affecting the insurance marketplace, and implements relevant statutory and regulatory policies. Finally, the Commissioner represents the Office before relevant constituencies, both within and outside of the insurance industry and institutions, both nationally and internationally, in a way that benefits Florida consumers and companies.

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<sup>1</sup> Section 120.80(9), F.S.

<sup>2</sup> Section 120.60(1), F.S.

<sup>3</sup> For purposes of comparing Florida premium to that of other nations and states, premium is based on NAIC Schedule T and excludes premium of Florida-only filers. As a result, for this limited purpose, Florida premium was \$116 billion in 2013.

<sup>4</sup> 2013 Medical Loss Ratio (MLR) Report, U.S. Department of Health and Human Services, July 24, 2014 (A state-by-state account is available at <http://www.cms.gov/CCIIO/Resources/Data-Resources/mlr.html>).

## LRPP Exhibit II - Performance Measures and Standards

<b>43900000 Financial Services Commission</b>
<b>Office of Insurance Regulation</b>

<b>New Revised Performance Measures for Fiscal Year 2014-15</b>	<b>Approved Prior Year Standard FY 2013-14 (Numbers)</b>	<b>Prior Year Actual FY 2013-14 (Numbers)</b>	<b>Proposed Revised Standards for FY 2014-15 (Numbers)</b>	<b>Requested FY 2015-16 Standard (Numbers)</b>
<b>43900110 Compliance and Enforcement</b>				
Percentage of life and health form and rate filing reviews completed within 45 days. (REVISED)	N/A	N/A	90%	90%
Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews within 90 days. (REVISED)	N/A	N/A	90%	90%
Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes. (REVISED)	N/A	N/A	98%	98%
Percentage of market conduct examinations with violations in which the Office takes enforcement action. (REVISED)	N/A	N/A	85%	85%
Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date. (REVISED)	N/A	N/A	98%	98%
Percentage of priority Financial Analyses completed within 60 days. (REVISED)	N/A	N/A	98%	98%
Percentage of non-priority Financial Analyses completed within 90 days. (REVISED)	N/A	N/A	95%	95%
<b>43900120 Executive Direction and Support Services</b>				
Administrative costs as a percentage of total agency costs. (REVISED)	< 12.6%	6%	10%	10%
Administrative costs as a percentage of total agency positions. (REVISED)	< 12.6%	7%	10%	10%

<p><i>These proposed revised performance measures and standards are subject to legislative approval which is sought through Section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-2015.</i></p>
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## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of life and health form and rate filing reviews completed within 45 days.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision reduces the timeframe from 90 to 45 days for life and health form and rate filing reviews.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of property and casualty form filing reviews completed within 45 days, and rate filings reviews within 90 days.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision reduces the timeframe of the property and casualty form filings from 90 to 45 days. This revision maintains the property and casualty rate filings at 90 days.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of complete applications for a new certificate of authority processed within required timeframes.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision changes the measure from an output-oriented measure (i.e., the number of days) to an outcome-oriented measure (i.e., percentage basis). This revised version focuses on measuring compliance with statutorily required timeframes.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of market conduct examinations with violations in which the Office takes enforcement action.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision changes the measure from an output-oriented measure (i.e., the number of exams) to an outcome-oriented measure (i.e., percentage basis). This version focuses on the response to violations identified by the Office.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of Financial Examinations of domestic insurers completed within 18 months of the “as of” exam date.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision clarifies the timeframe used for completing financial 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 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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of priority Financial Analyses completed within 60 days.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision conforms the measure to the approach in NAIC accreditation standards. It assigns a higher priority to financial analyses indicating major or serious problems. It produces a shorter timeframe to respond to these problems.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

*Office of Policy and Budget – July 2014*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of non-priority Financial Analyses completed within 90 days.

**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                     |   |

Proposed Revised Standard*	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This revision conforms the measure to the approach in NAIC accreditation standards. It assigns a lower priority to analyses where there are minor or no violations.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

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

**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                     |   |

Current Approved Standard	Revised Standard FY 2014-15	Difference (Over/Under)	Percentage Difference
< 12.6%	10%	(2.6%)	N/A

**Factors Accounting for the Difference:**

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

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

**Explanation:**

This revision reflects lower administrative costs due to previous legislative budget reductions and increased Office efficiencies.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

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

**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                     |   |

Current Approved Standard	Revised Standard FY 2014-15	Difference (Over/Under)	Percentage Difference
< 12.6%	10%	(2.6%)	N/A

**Factors Accounting for the Difference:**

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

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

**Explanation:**

This revision reflects lower administrative costs due to previous legislative budget reductions in administrative positions and increased Office efficiencies.

**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:**

*\*This proposed revised performance measures and standards are subject to legislative approval which is sought through the section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.*

*Office of Policy and Budget – July 2014*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

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

**The following performance measures will be proposed to be deleted subject to legislative approval which is sought through Section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-2015:**

- \* Number of Rate and Form Reviews Processed
- \* Number of Applications Processed
- \* Average Risk Based Capital Percentage
- \* Current number of Licensed/Regulated Insurance Entities
- \* Residual Market Premium as a percent of total premium for homeowner's, mobile home, dwelling fire insurance
- \* Residual Market Premium as a percent of total premium for workers' compensation insurance
- \* Residual Market Premium as a percent of total premium for automobile insurance

### **DELETION OF MEASURES (FACTORS)**

- \* Measures that are being deleted are output measures and not outcome measures
- \* Eliminated Redundancy
- \* Revised Measures are more appropriate for the Office and measurable
- \* Revised Measures are focused on the Office's statutory duties and responsibilities

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of life and health form and rate filing reviews completed within 45 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:**

The Office of Insurance Regulation receives the data from the FREDMS (Forms and Rates Electronic Data Management System). The Office monitors the data on a regular basis and provides reports to senior management. This revision reduces the timeframe from 90 to 45 days for life and health form and rate filing reviews.

### **Validity:**

The data is submitted by the insurance companies to the I-file system and then is data is migrated to the FREDMS system.

### **Reliability:**

The data is reviewed by the appropriate business units.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews 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:**

The Office of Insurance Regulation receives the data from the FREDMS (Forms and Rates Electronic Data Management System). The Office monitors the data on a regular basis and provides reports to senior management. This revision reduces the timeframe of the property and casualty form filings from 90 to 45 days. This revision maintains the property and casualty rate filings at 90 days.

### **Validity:**

The data is submitted by the insurance companies to the I-file system and then is data is migrated to the FREDMS system.

### **Reliability:**

The data is reviewed by the appropriate business units.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of complete applications for a new certificate of authority processed within statutorily required 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 Office of Insurance Regulation receives the data from the COREN (Companies and Related Entities Navigator) system. The Office monitors the data on a regular basis and provides reports to senior management. This revision changes the measure from an output-oriented measure to an outcome-oriented measure. This revision focuses on measuring compliance with statutorily required timeframes.

### **Validity:**

The data is submitted by the insurance companies to the I-Apply system and then data is migrated to the COREN system.

### **Reliability:**

Insurance companies are required to submit correct and appropriate information to the Office.

*Office of Policy and Budget – July 2014*



## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of market conduct examinations with violations in which the Office takes 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:**

Data and information comes from the Office's Market Investigation business unit. This revision changes the measure from an output-oriented measure to an outcome-oriented measure. This revision focuses on the response to violations identified by the Office.

**Validity:**

Internal review and audits are performed to validate the data.

**Reliability:**

Data is reviewed by the Market Investigations business unit along with the Office budget director.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.

**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 and information comes from various business units within the Office. This revision clarifies the timeframe used for completing financial examinations.

### **Validity:**

Internal review and audits are performed to validate the data.

### **Reliability:**

Data is reviewed by the appropriate business unit along with the Office budget director.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of priority Financial Analyses completed within 60 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:**

Data and information comes from various business units within the Office. This revision conforms the measure to the approach in the NAIC (National Association of Insurance Commissioners) accreditation standards. It assigns a higher priority to financial analyses indicating major or serious problems. It produces a shorter timeframe to respond to these problems.

### **Validity:**

Internal review and audits are performed to validate the data.

### **Reliability:**

Data is reviewed by the appropriate business unit along with the Office budget director.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Percentage of non-priority Financial Analyses completed 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:**

Data and information comes from various business units within the Office. This revision conforms the measure to the approach in the NAIC accreditation standards. It assigns a lower priority to analyses where there are minor or no violations.

### **Validity:**

Internal review and audits are performed to validate the data.

### **Reliability:**

Data is reviewed by the appropriate business unit along with the Office budget director.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**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:**

Data comes from the General Appropriations Act and LASPBS. This revision reflects lower administrative costs due to previous legislative budget reductions and increased Office efficiencies.

**Validity:**

Internal review and audits are performed to validate the data.

**Reliability:**

Data is reviewed by the Office budget director.

*Office of Policy and Budget – July 2014*

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

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

**Measure:** Administrative costs 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:**

Data comes from the General Appropriations Act, LASPBS, and PeopleFirst.

This revision reflects lower administrative costs due to previous legislative budget reductions of agency positions and increased Office efficiencies.

### **Validity:**

Internal review and audits are performed to validate the data.

### **Reliability:**

Data is reviewed by the Office budget director.

*Office of Policy and Budget – July 2014*

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

<b>Measure Number</b>	<b>Revised Performance Measures for Fiscal Year 2014-2015</b>		<b>Associated Activities Title</b>
1	Percentage of life and health form and rate filing reviews completed within 45 days. (REVISED)		Review and approve rate and form filings.
2	Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews within 90 days. (REVISED)		Review and approve rate and form filings.
3	Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes. (REVISED)		Approve and license entities to conduct insurance business.
4	Percentage of market conduct examinations with violations in which the Office takes enforcement action. (REVISED)		Conduct financial reviews and examinations.
5	Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date. (REVISED)		Conduct financial reviews and examinations.
6	Percentage of priority Financial Analyses completed within 60 days. (REVISED)		Conduct financial reviews and examinations.
7	Percentage of non-priority Financial Analyses completed within 90 days. (REVISED)		Conduct financial reviews and examinations.
8	Administrative costs as a percentage of total agency costs. (REVISED)		Operate agency in an efficient manner.
9	Administrative costs as a percentage of total agency positions. (REVISED)		Operate agency in an efficient manner.
	<i>These proposed revised performance measures and standards are subject to legislative approval which is sought through Section 216.1827, Florida Statutes, amendatory process in Fiscal Year 2014-15.</i>		

Office of Policy and Budget – July 2014

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2013-14			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		301,801,171		188,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		9,869,919		0	
FINAL BUDGET FOR AGENCY		311,671,090		188,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					172,834
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.		6,407	58.53	375,002	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		69,073	14.93	1,031,014	
Investment Of Public Funds * Dollar Volume of Funds Invested		21,100,000,000	0.00	721,946	
Provide Cash Management Services * Number of cash management consultation services.		29	35,194.24	1,020,633	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		3,278,974	0.51	1,681,041	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,685,464	1.00	1,685,935	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		35,654	132.70	4,731,230	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,518,526	0.12	1,113,346	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		366,437	11.78	4,315,879	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		6	378,880.67	2,273,284	
Process State Employees Payroll * Payroll payments issued		3,102,597	0.81	2,508,026	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		12	15,764.25	189,171	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		18	52,770.39	949,867	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,359,186	1.20	2,823,002	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		342,234	8.89	3,042,350	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,047	67.54	543,487	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,447	270.65	4,180,703	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		543	1,031.10	559,889	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,397	400.78	559,889	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		1,391	9,895.42	13,764,528	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		132,009	30.04	3,965,283	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		6,004	317.06	1,903,606	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		12,431	87.53	1,088,112	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,613,062	0.15	398,177	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		19,298	1,522.90	29,388,898	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,427	2,578.90	11,416,787	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		218	9,125.34	1,989,324	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		242	7,759.80	1,877,871	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		39	17,787.97	693,731	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		102,829	26.65	2,739,972	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		36,140	42.66	1,541,782	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,730,733	0.41	713,373	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		205,468	2.02	415,538	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,949	2,005.57	5,914,417	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,547	11,190.10	17,311,087	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		848	5,614.39	4,761,000	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		53,259	79.51	4,234,674	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		341,936	2.11	720,096	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		339,028	14.05	4,762,300	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,898	1,223.91	2,322,983	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		87,903	49.33	4,336,041	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		35,294	387.00	13,658,684	
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.		1,005	4,809.27	4,833,313	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		2,491	528.63	1,316,829	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		124,608,427	0.01	680,448	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,377,802	0.70	3,768,668	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		10,428	140.92	1,469,497	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		4,717	1,253.67	5,913,569	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed		68	13,458.85	915,202	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		700	4,459.46	3,121,623	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		7,866	1,890.62	14,871,584	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		15,356	528.61	8,117,325	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		317	20,342.26	6,448,498	
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.		27,952	88.35	2,469,576	
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.		216	55,081.99	11,897,709	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		25	29,871.96	746,799	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		189	19,642.49	3,712,431	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		600	4,821.42	2,892,850	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		272	21,891.12	5,954,385	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		54,307	47.00	2,552,451	
TOTAL				245,912,715	172,834
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				33,957,153	
REVERSIONS				31,801,312	15,166
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				311,671,180	188,000

## 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
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	299,722	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	642,138	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	12,720,351	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	750,000	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	128,447	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	14,495,110	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,780,920	
43500400	1205000000	ACT9010	TRANSFER TO FLORIDA CATASTROPHIC	750,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,149,385	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	241,080	

-----  
 TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	311,671,090	188,000
TOTAL BUDGET FOR AGENCY (SECTION III):	311,671,180	188,000
DIFFERENCE:	90-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====



# FLORIDA OFFICE OF FINANCIAL REGULATION

www.FLOFR.com

**DREW J. BREAKSPEAR**  
COMMISSIONER

## Long Range Program Plan

September 30, 2014

Cynthia Kelly, 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

Cindy Kynoch, Staff Director  
Senate Committee on Appropriations  
201 Capitol  
Tallahassee, FL 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 2015-16 through Fiscal Year 2019-20. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://floridafiscalportal.state.fl.us/Home.aspx>. This submission has been approved by Drew J. Breakspear, Commissioner of the Florida Office of Financial Regulation.

Sincerely,

J. Ross Nobles  
Chief Financial Officer  
Office of Financial Regulation



# FLORIDA OFFICE OF FINANCIAL REGULATION

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**DREW J. BREAKSPEAR**  
COMMISSIONER

# OFR Long Range Program Plan

Fiscal Years 2015-16 to 2019-20

September 30, 2014

# OFFICE OF FINANCIAL REGULATION LONG RANGE PROGRAM PLAN

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# **Mission and Goals**

**To protect the citizens of Florida, promote a safe and sound financial marketplace, and contribute to the growth of Florida's economy with smart, efficient and effective regulation of the financial services industry.**

**GOAL #1: Excellence in all OFR does**

**GOAL #2: Enforce compliance with state laws related to the financial industry**

**GOAL #3: Examine regulated companies and individuals**

**GOAL #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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 of Financial Institutions's examiners as excellent

Baseline Year 2010-11	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 of Financial Institution's examiners, as compared to federal examiners, as excellent

Baseline Year 2010-11	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
89%	90%	90%	90%	90%	90%

**OUTCOME 1C-3:** Percentage of financial institution surveys completed that rate the ability of the Division of Financial Institution'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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
25	7	7	6	6	6

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
270	221	210	210	210	210

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
45	30	30	30	30	29

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
45	70	70	70	70	75

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
\$750,000	\$836,920	\$836,920	\$836,920	\$836,920	\$790,222

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
22	40	50	50	50	50



**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
22	50	50	50	50	50

**OUTCOME 2A-2:** The number of active, major Securities enforcement cases

Baseline Year 2009-10	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
25	25	25	25	25	25

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
80%	85%	86%	87%	88%	89%

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
43	36	36	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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
60%	65%	66%	67%	68%	70%

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
41	60	60	60	60	65

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
3500	3650	3650	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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected
65	56	56	56	56	55

**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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 that chose a state charter

Baseline Year Fiscal Year 2002-03	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 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 two of three priorities identified by Governor Rick Scott:

1. Economic Development and Job Creation
2. Maintaining Affordable Cost of Living in Florida

These priorities will be accomplished through promotion of a safe and sound marketplace and growth of Florida's economy with smart, efficient and effective regulation of the financial services industry. The remaining priority deals with education, which is not within the Office's jurisdiction.

## TRENDS AND CONDITIONS

### Florida's Economy

The OFR regulates a remarkably dynamic financial industry that is challenged by economic conditions.

Many economic indicators continue to show distress:

- Existing home sales have been essentially flat since February 2009 through 2011 and while there was a definite upward drift in the last two years, sales have flattened again.<sup>1</sup>
- The median price for a single-family residence has been below the national average since 2008 and is now 16.1% below the national average, but has increased by 4 percentage points.<sup>2</sup>
- From January through July 2014, Florida was No. 1 in the nation in the number of foreclosure filings and had the highest rate of foreclosure and held 9 of the top 10 highest metro area rates of foreclosure in the nation.

However, there are also positive signs of recovery:

- Population growth is recovering
- State Gross Domestic Product grew with real growth gain of 2.2%
- Florida's personal income grew
- Unemployment is improving
- Florida housing is generally improving<sup>3</sup>

**Population growth** is Florida's primary engine of economic development, fueling both employment and income growth.<sup>4</sup> The population growth hovered between 2.0% and

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<sup>1</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, September 15, 2014. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_9-15-14.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_9-15-14.pdf)

<sup>2</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, August 21, 2013. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_8-21-13.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-21-13.pdf)

<sup>3</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, September 15, 2014. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_9-15-14.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_9-15-14.pdf)

<sup>4</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)

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 1.3% between 2013 and 2015. However, growth is expected to recover in the future – averaging 1.4% between 2020 and 2025 with 92.1% 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>5</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>6</sup> Florida’s growth turned positive in 2010 with a gain of 1.4%.<sup>7</sup> Florida’s GDP showed a real growth gain of 2.2% for calendar year 2013, which was above the national average of 1.8%.<sup>8</sup>

**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. In calendar year 2013, Florida’s personal income grew 2.9%, surpassing the national average of 2.6%.<sup>9</sup>

The **unemployment** rate in Florida is improving, falling to 6.2% in July 2014 from 11.5% in July 2010. Florida is equal to the national rate of 6.2%.<sup>10</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>11</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 inventory,

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<sup>5</sup> *Florida: An Economic Overview*, September 15, 2014.

<sup>6</sup> *Florida: An Economic Overview*, 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>7</sup> *Florida: An Economic Overview*, July 23, 2010.

<sup>8</sup> *Florida: An Economic Overview*, September 15, 2014.

<sup>9</sup> *Florida: An Economic Overview*, September 15, 2014.

<sup>10</sup> *Florida: An Economic Overview*, September 15, 2014.

<sup>11</sup> *Economic Perspective*, From the Florida Council of Economic Advisors at Florida TaxWatch, August 2011



long-run sustainable demand caused by population growth and Florida's unique demographics and the aging of the baby-boom generation.<sup>12</sup>

The state and national economies remain in 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>13</sup>

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<sup>12</sup> *Florida: An Economic Overview*, June 23, 2011

<sup>13</sup> *Florida: An Economic Overview*, August 21, 2013

## 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, from 2010 to 2014, no new bank charters have been issued by the Office of Financial Regulation. Nevertheless, there has been an increase in the number of mergers and acquisitions, brought about by the depletion of capital levels during the Great Recession. As institutions continue to struggle to build (and some cases reconstruct) their portfolios, they will look to build alliances with other institutions. The alliances forged during this process could lead to an increase in the number of mergers and acquisitions. Until further economic recovery is realized, the state anticipates little or no de novo bank application activity.

In 2013, Florida's growth rate increased by 2.2%, moving above the national average of 1.8%. Florida's population in 2010 was 18,801,332 and is on track to reach the 20 million mark during 2016, making it the third most populous state.<sup>14</sup> Continued population growth in Florida will ultimately fuel both employment and income growth, which will help stabilize the economy. Florida's unemployment rate is at 6.3% while the United States rate is at 6.7%. Florida's State Gross Domestic Product (GDP) is ranked 18<sup>th</sup> in the nation, showing a positive trend. Overall Florida's economy is steadily improving, but is still on the mend and could take a few more years to fully recover.

The financial institution industry in Florida was dramatically impacted during the economic recession. Unemployment in Florida exceeded the national average and will take longer to recover (approximately 553,000 jobs were lost during the peak of the recession). Home values 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. Since the onslaught of the Great Recession, homeowners have lost their homes to foreclosure in record numbers in Florida. Florida posted the nation's highest state foreclosure rate in the first half of 2013. As reported, 1.74% of housing units had a foreclosure filing (one in every 58) during the six-month period that ended June 30, 2013, which is nearly three times the national average. As of June 2013, five Florida cities placed among the top 20 metro foreclosure rates in the country.<sup>15</sup> Although, the foreclosure crisis is past its peak, Florida's huge backlog of foreclosure litigation and foreclosed properties remains high and continues to hamper the economy. The overall impact of the continuing high levels of foreclosures to state financial institutions has been a big factor in high levels of delinquent

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<sup>14</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic & Demographic Research, July 15, 2014. Available online at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_7-15-14.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_7-15-14.pdf)

<sup>15</sup> RealtyTrac: U.S. Foreclosure Activity Decreases 14 Percent in June to Lowest Level Since December 2006 Despite 34 Percent Jump In Judicial Scheduled Foreclosure Auctions

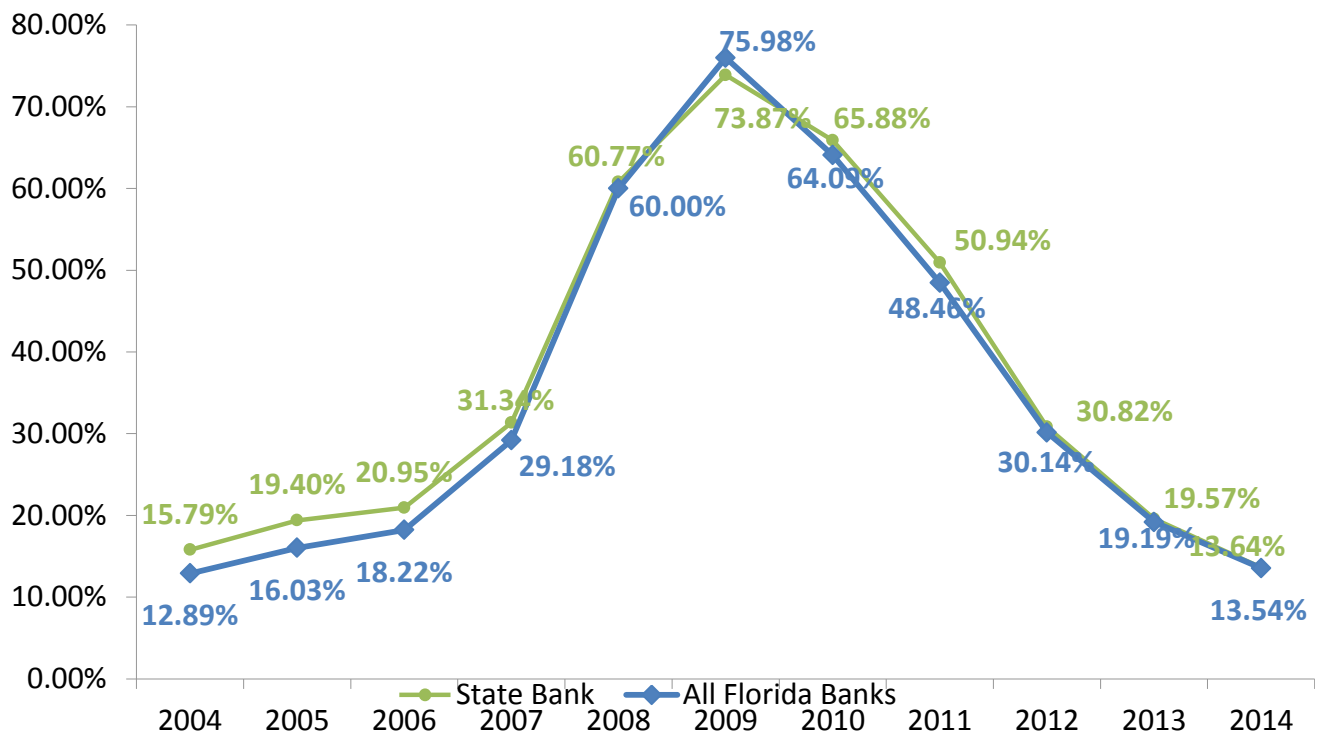
<http://www.realtytrac.com/content/foreclosure-market-report/midyear-2013-us-foreclosure-market-report-7794>

or non-performing loans, resulting in the depletion of equity capital and unprecedented loss of income.

The United States' economy is still rebounding from the Great Recession, which was 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, fueled the recession. Mortgage difficulties spread to the financial markets while commercial real estate and credit card defaults also affected the financial institution industry. The economy is steadily recovering in housing, personal wealth, and consumer confidence. With economic conditions improving both on a national and state level, our financial institutions are becoming more profitable and are reporting increases in their capital levels. Florida's institutions are operating in a more safe and sound manner and we are seeing fewer failures.

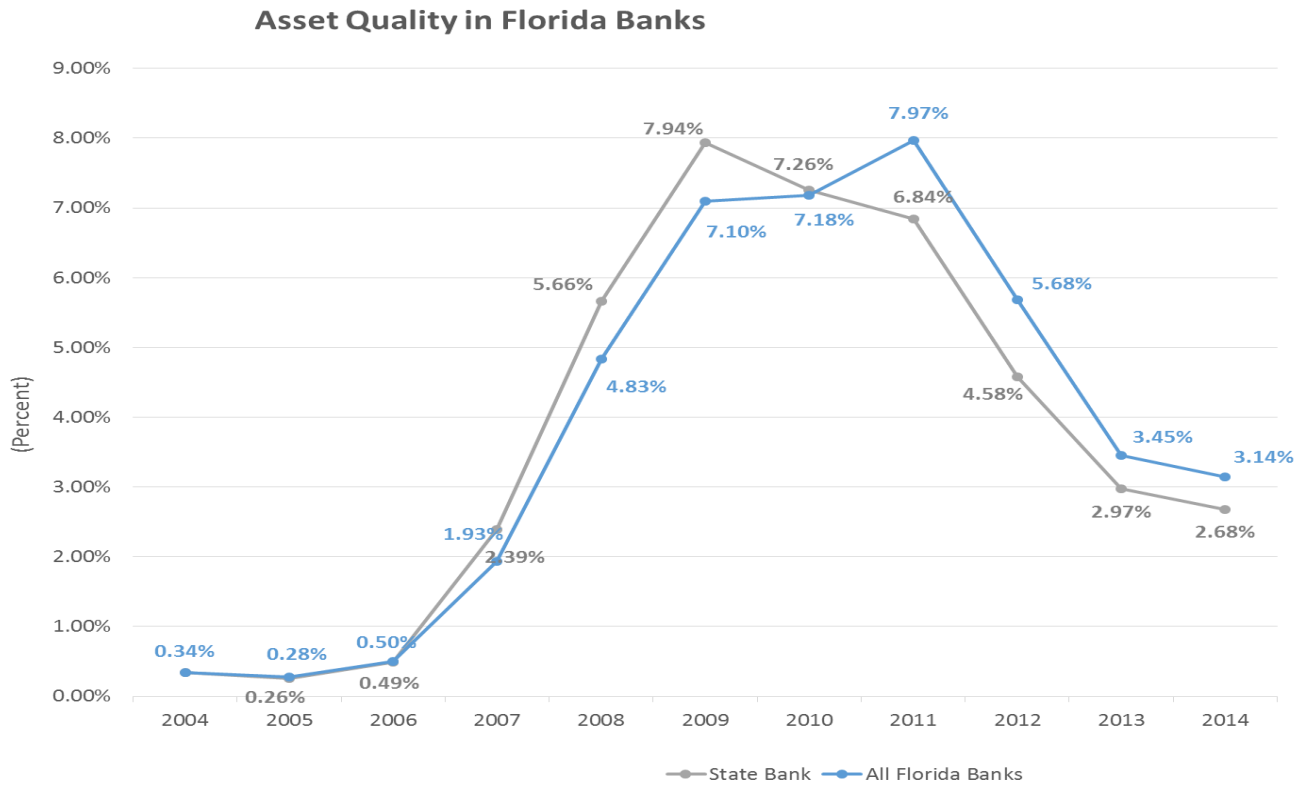
Although economic issues continue in Florida, the Division of Financial Institutions (DFI) sees signs of a slight improvement in the overall condition of state-chartered financial institutions. Improvement is evident in several key industry trends. For example, the percentage of unprofitable banks in Florida has decreased significantly from its peak in 2009 of 73.87% to 13.64% in 2014 .

### Percent of Unprofitable Banks



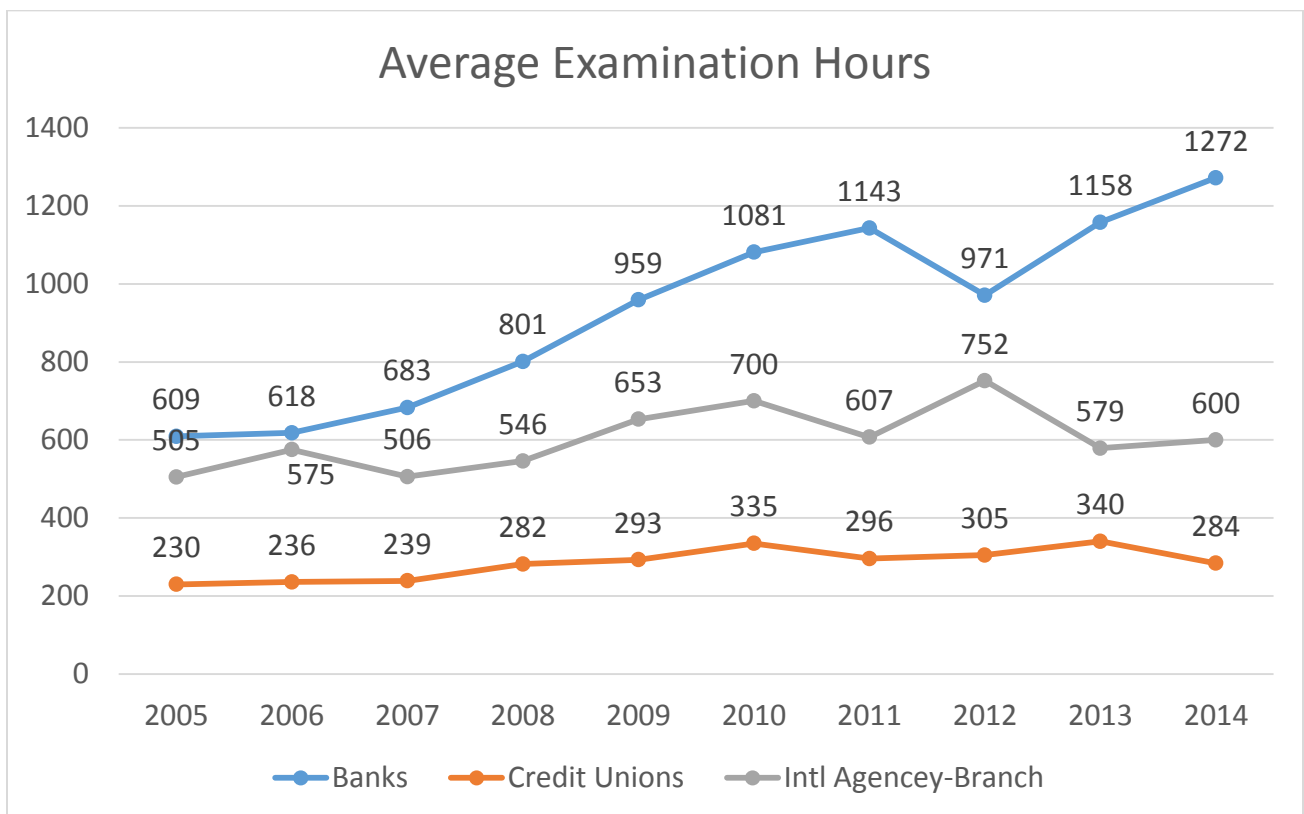
2014- as of March 31, 2014

Although asset quality in state banks still reflects significantly high levels of delinquent loans, improvement is noted over the peak level seen in 2011.



2014- as of March 31, 2014

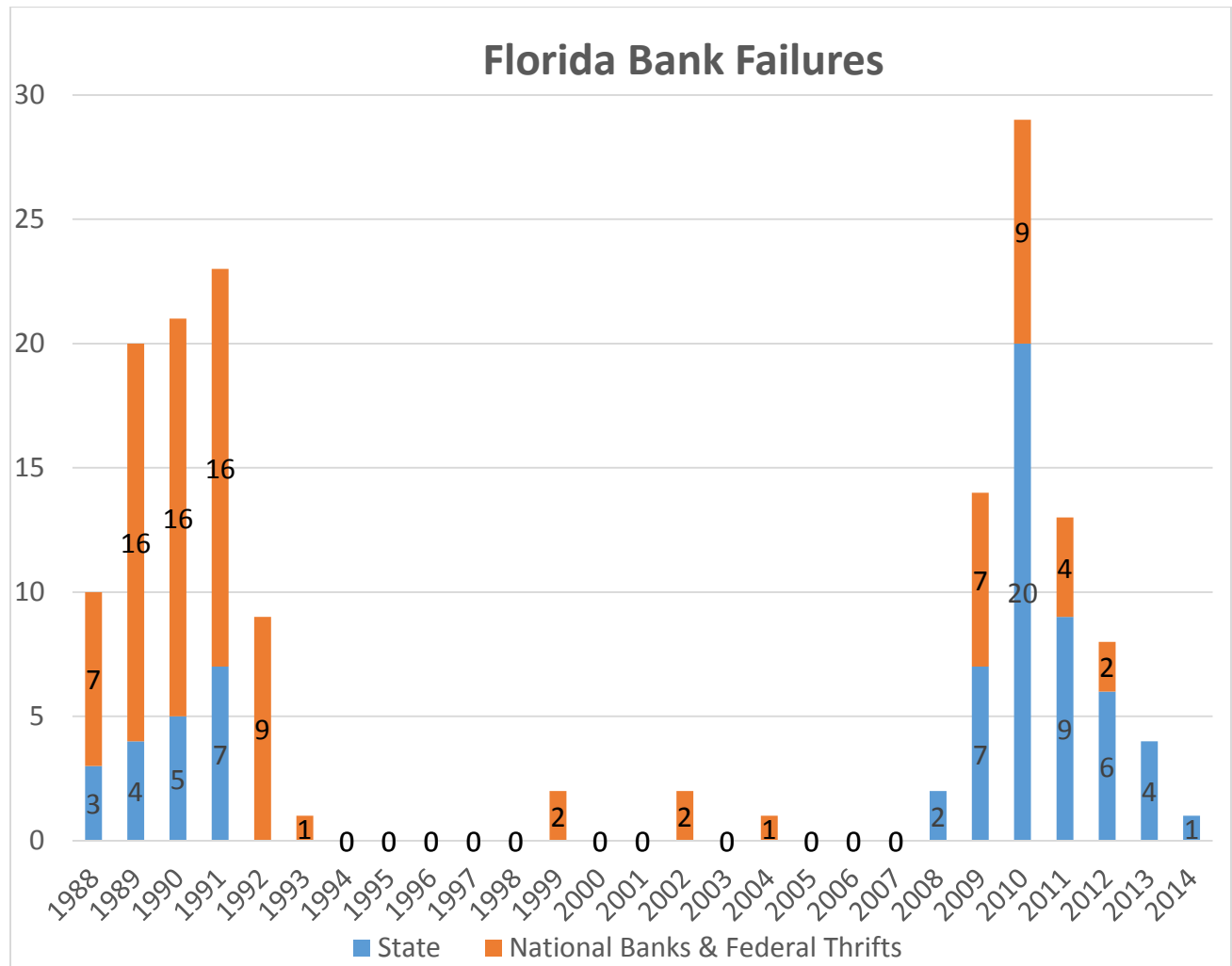
The ongoing economic recession has significantly impacted DFI's workload since the downturn began. Examinations of troubled institutions must be performed more frequently than is required by the statutes. In addition, examinations are more complex and require more time to complete both in the field and at the headquarters office. Examination review in headquarters is more time consuming because it is critical that the most appropriate corrective action be implemented when addressing a troubled financial institution's deficiencies. These factors have impacted the average length of time required to complete an examination.



The ultimate outcome of the deterioration in Florida's financial institutions industry from 2009 to 2012 reflects the 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 of Florida's financial institutions remain under considerable stress.

The chart below indicates the number of financial institution failures by calendar year in Florida through August 1, 2014:



Note: As of August 1, 2014

## 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 of 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 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.

## Florida Legislative Changes

Four bills were introduced during the 2014 Legislative Session, which amended the Florida Financial Institutions Codes and were signed into law by Governor Scott on June 13, 2014. The amendments to Senate Bill (“SB”) 1012 and SB 1278 in Chapters 655, 657, 658, and 663 were effective July 1, 2014. Among other changes, the amendments included the repeal of Section 658.49, the addition of a new statute allowing an entity to protect trade secrets that it may be required to submit to the OFR, revising provisions relating to the imposition of administrative fines, and revising Section 655.50 to enhance reporting requirements to the Office of Financial Regulation. SB 1238 addresses the Florida Family Trust Company Act and created Chapter 662, Florida Statutes. SB 1320 is the public records companion bill to SB 1238 that establishes what records relating to Family Trust Company are confidential and exempt from public records requests. SB 1238 and SB 1320 will become effective October 1, 2015.

## Training

Last year, the Office of Financial Regulation requested and received six additional Federal Deposit Insurance Corporation (FDIC) training slots to assist with preparing our Financial Examiners in acquiring the knowledge and skills they need to be successful bank examiners. Also, the Division has coordinated efforts with the Conference of State Bank Supervisors to provide over 250 online training courses to provide a general knowledge of rules, regulations and policies and procedures for performing complex bank examinations.

## Division of Consumer Finance

The Division of Consumer Finance (“Consumer Finance”) regulates a number of non-depository financial services industries through authority granted under Chapters 494, 516, 520, 537, 559, and 560, Florida Statutes. These financial services industries include mortgage loan origination, brokering, and servicing; consumer finance lending; retail and installment financing; title loan lending, collection agencies; and, money services businesses including payday lending. As of June 30, 2014, the division was staffed with 92 FTEs.

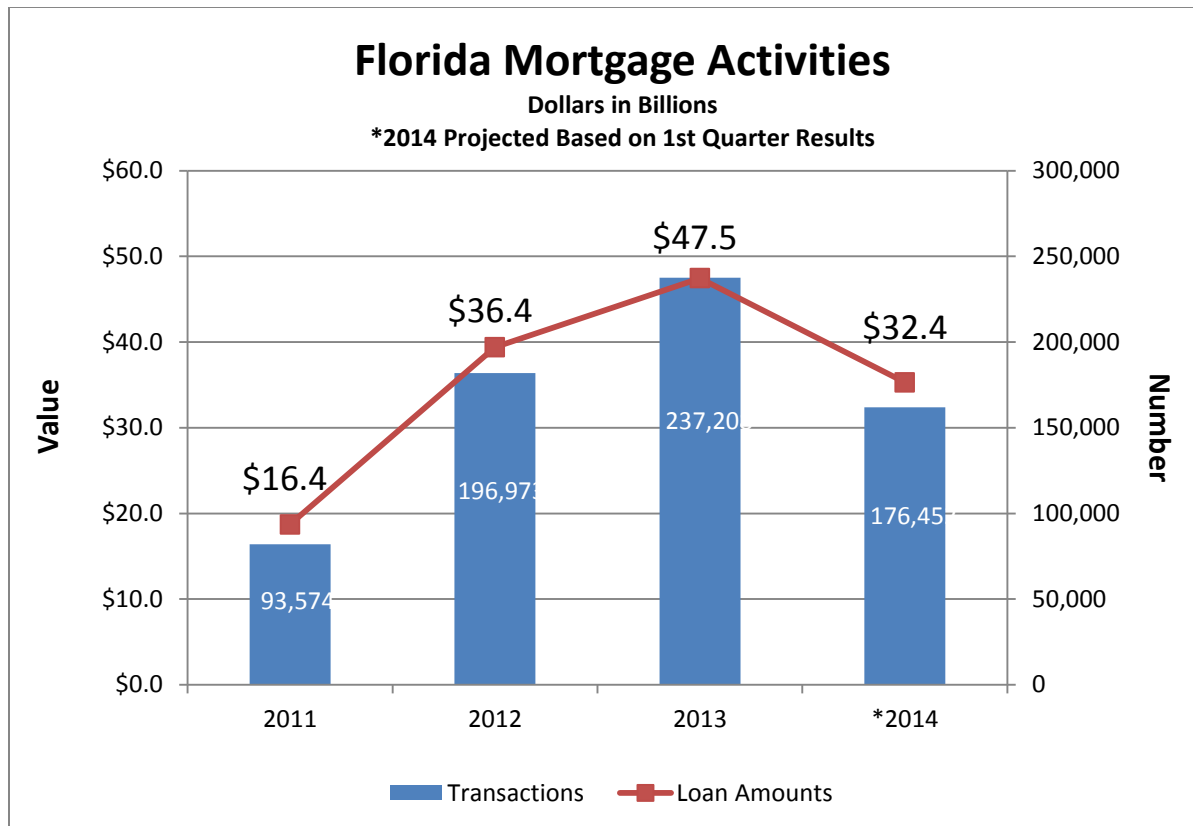
Florida’s economic conditions over the past several years caused financial distress to most of the industries regulated by Consumer Finance and consequently had negatively impacted the division’s revenues. However, as the economy has reversed course and started to improve the licensure base and revenues are now showing a positive trend. At the end of Fiscal Year 2012-13 the division had 79,675 licensed entities and locations. At the end of Fiscal Year 2013-14 the division had 91,025, which is an increase of 11,350 or 14%. This increase in licensure base results in a direct increase in revenues as licensing and renewal fees are the primary source of the division’s revenue.

The number of loans being made to Florida borrowers has been growing in the last two calendar years based on the information received from Florida’s mortgage industry. These increases have been due to low interest rates and the large number of refinances by existing homeowners. In calendar end of 2012, the number and amounts of mortgage transactions were 196,973 transactions resulting in \$36.4 billion in mortgage loans. In calendar end of 2013, the number and amounts of mortgage loans were 237,208 transactions for \$47.5 billion in mortgage loans. This represents an increase of 20% in loan transactions and a 30% increase in the amount of the mortgage loans from 2012 to 2013. However, in the first quarter of 2014, Florida’s mortgage industry has reported a 13% decrease in the number of loans from the previous quarter in 2013 (October to December 2013). This decrease has been due to an increase in cash purchases by investors and the increase in interest rate per a national report.<sup>16</sup> The Florida mortgage industry is currently reflecting the status of the national mortgage market as of the first quarter of 2014.

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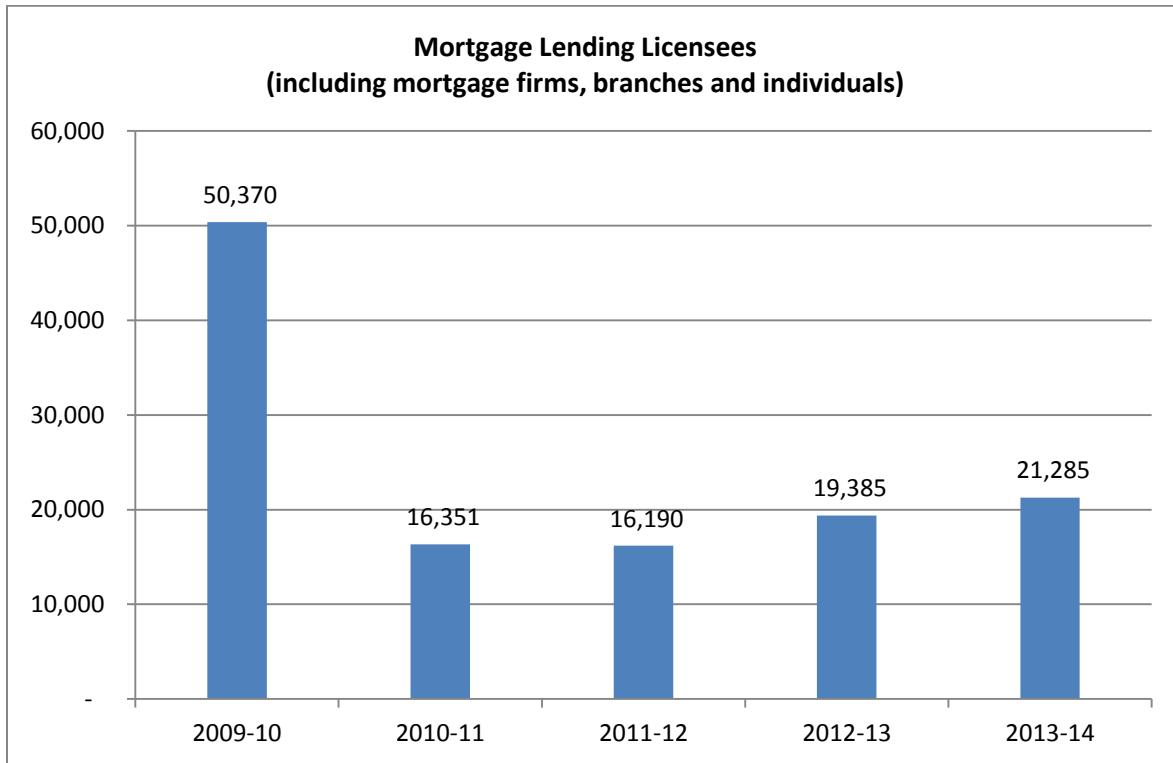
<sup>16</sup> <http://www.bloomberg.com/news/2014-04-14/lending-plunges-to-17-year-low-as-rates-curtail-borrowing.html>



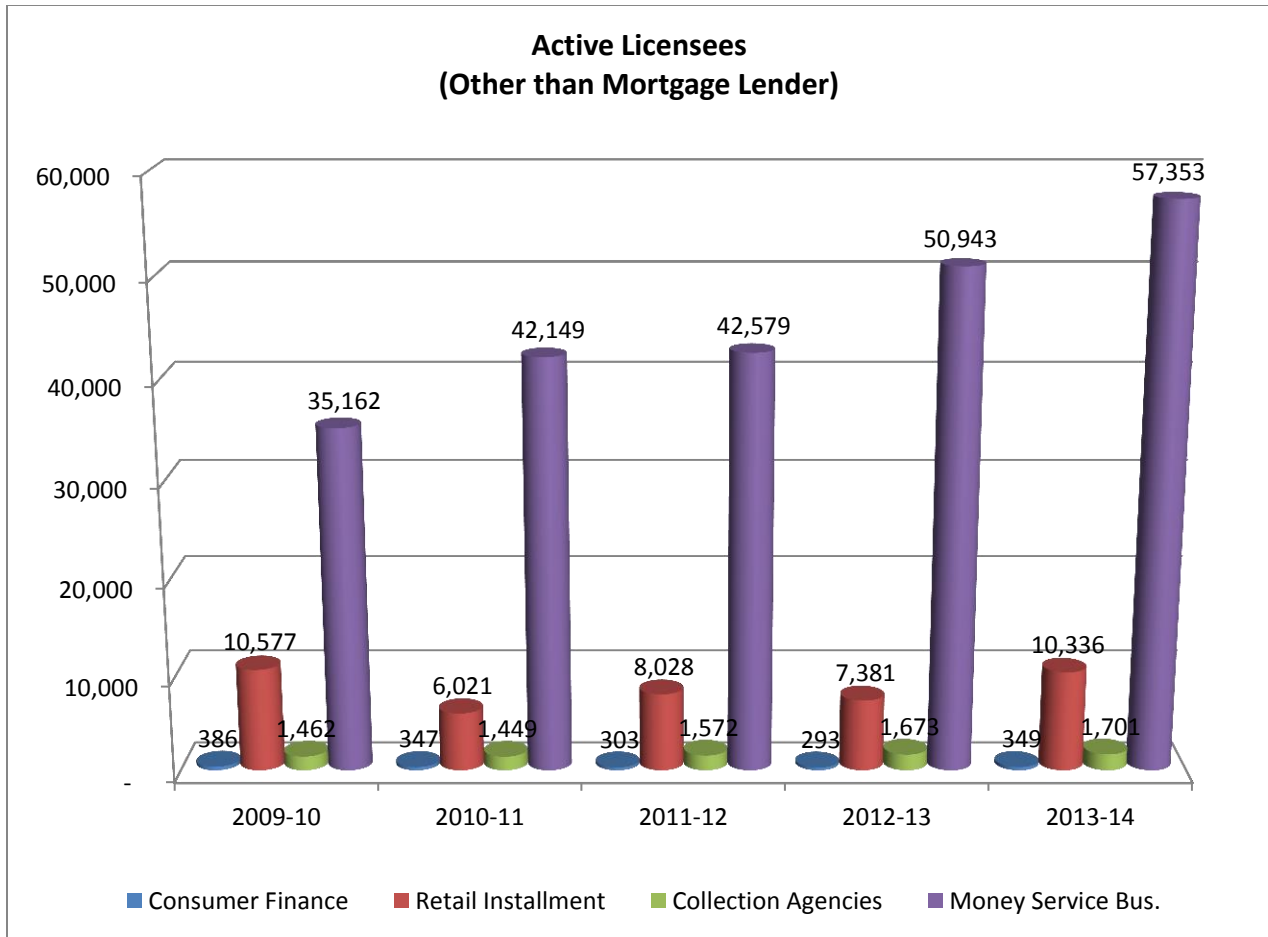


In addition to the positive licensing and revenue trends, the Division experience some significant reorganization of its enforcement units. Effective July 1, 2013, both the Bureau of Money Transmitters and Bureau of Finance Regulation were combined into one bureau, the Bureau of Enforcement. Coupled with the reorganization and extensive reduction in staffing (reduction of 33 FTEs or 28%), the Bureau suffered significant turnover and loss of institutional knowledge. Following the reorganization and turnover the Bureau focused on recruiting and hiring new staff. In addition, the Bureau embarked on a training initiative to increase the knowledge and skill level of all examiners. The majority of the current Fiscal Year has been spent on hiring and training staff and as a result performance has suffered. The Bureau and Division is now focusing on improving performance and quality of examinations. The Bureau and Division continue to seek new and improved ways to monitor performance and quality in order to gain new and better process efficiencies and effectiveness.

Notwithstanding the organizational and staffing changes, the Office, through the Division and Bureau, has been focusing on improving relationships with not only state and federal regulators and prosecutorial agencies, but also with law enforcement units. As the federal regulatory framework continues to experience significant changes through agencies such as the Consumer Financial Protection Bureau, the Division and Bureau seek to play a greater role in shaping the regulatory framework impacting the industries it regulates.



As of June 30, 2014, The Office had 17,693 loan originators, 1,939 mortgage companies and 1,652 mortgage branches licensed. Florida is ranked second in the number of loan originators and mortgage companies, and is in the top ten in the number of branches licensed.



The Money Services Business (MSB) industry has remained relatively stable over the past two years with a noticeable increase in the total number of active licenses. The number of licensees has increased 13% in FY 2013-14. Emerging products and services being brought to market by the MSB industry continue to provide new avenues for growth. These emerging products and services include payment processors, 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 one of the leading indicators for staff to determine if further examination or investigation is necessary. During Fiscal Year 2013-14, the Bureau closed more than 3,800 consumer complaints. This is a 6% increase in the volume of complaints from Fiscal Year 2012-13 (3,600). The largest volumes of complaints received were related to mortgage issues and consumer collection issues (1,566 and 1,214 respectively).

Consumers seeking assistance for modifications of their delinquent loans are the highest volume of complaints received by the Bureau. This trend is expected to continue as the industry and economy move out of the real estate crisis. The typical complaint from the consumer is an allegation of not being able to qualify for a federal loan modification or the lack of response from their servicer.

Consumer and commercial collection issues are the second highest volume of complaints. As financial markets remain weak and foreclosures levels remain high, 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 unfair debt collection practices in order to reduce consumer abuses. The Bureau continues to focus enforcement activity in this area with the intent to address unlawful activity and consumer abuses.

#### Bureau of Enforcement Initiatives

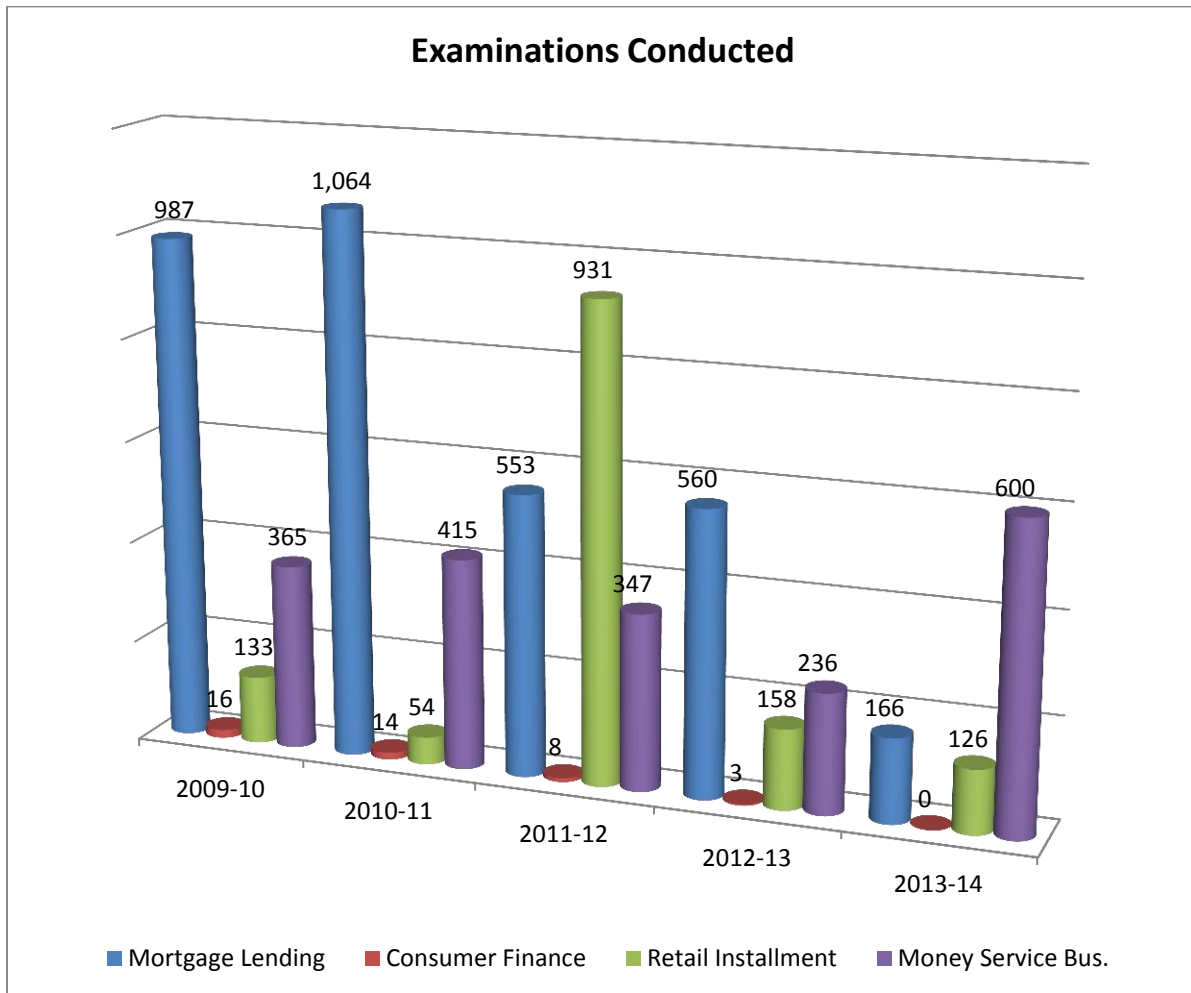
The Bureau will focus its resources on enforcement matters that have the greatest overall impact in protecting the citizens of Florida.

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 in the coming fiscal year will be focused on money services businesses, collection agencies, and mortgage servicers and lenders. 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 539 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 statewide 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 many multi-state examinations; one as lead state and the remainder as a joint state. The Office participated in the nationwide servicing settlement with the big five 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. The Office serves on a Multi-State Monitoring Committee established to oversee restitution and compliance with the terms of a Final Order and Consent Judgment entered against Ocwen Loan Servicing, which will result in significant restitution to the consumers of Florida over the next three years.

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 being implemented by Bureau management. The Bureau will begin to use this electronic method to analyze entire loan portfolios of mortgage lenders in the coming months resulting in better compliance by the mortgage industry.

Enforcement maintains staff in four regional offices and Tallahassee. Management continues to refine its processes to minimize costs and maximize 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 116 final orders, 423 written agreements, 44 guidance letters, 14 license revocations and \$1,745,050 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.

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, 2014, there were over 1,100 licensed entities conducting business at more than 55,000 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, internet payday lending, digital currencies, 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 and managed to grow, even in a down economy.

Passage of the Dodd-Frank Act has had a substantial impact to the regulation of MSBs. The federal legislation grants supervisory authority to the newly created Consumer Financial Protection Bureau (CFPB). This new agency is the first federal agency to have direct supervisory authority over the MSB industry. Deferred Presentment (payday lending) appears to be an initial focus of the CFPB and its rulemaking efforts. The Office has taken a proactive approach by meeting with the Director and other officials of the CFPB on multiple occasions to build a familiar and cooperative relationship with the new federal regulator. The Office has entered into a memorandum of understanding with the CFPB to share examination information. These meetings have resulted in better interaction and cooperation on examinations of the mortgage servicers and consumer collection agencies.

#### MSB Regulatory Initiatives

As part of an ongoing effort to leverage available internal resources, the 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 coordinated by the Money Transmitters Regulators Association (MTRA). The examination of these entities is a complex and resource intensive undertaking. The Office believes that leveraging multiple states to complete this work will reduce Florida's costs for these examinations by as much as 75%.

The OFR has formed a working partnership with members of the Department of Financial Services (DFS) Division of Insurance Fraud (DIF) to coordinate efforts and resources to halt criminal enterprises conducting worker's compensation fraud. The partnership has resulted in multiple arrests across the state with seizures of cash, equipment, and records from Orlando to Miami.

The OFR has formed another working partnership with members of the Internal Revenue Service to coordinate efforts to halt the cashing of fraudulent income tax refund checks. The Office has been a leader among the states in this kind of partnership with resulting legal actions, arrests and convictions of individuals and check cashers from Jacksonville to Miami.

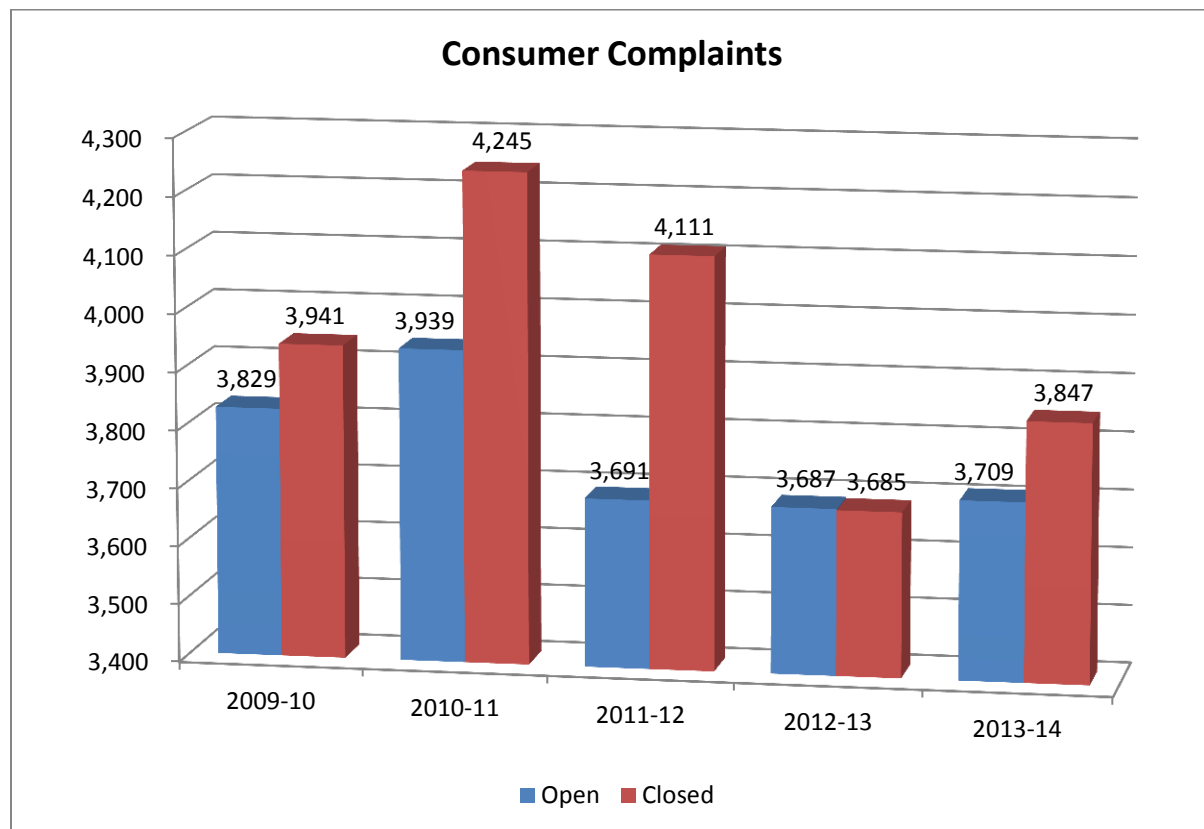
The OFR is in the design and implementation phase of a new statewide check cashing database, expected to roll out to licenses, regulators, and law enforcement in early 2015. The database will assist with the identification of workers' compensation fraud, as well as

tax refund and entitlement fraud. The database will be the first such database in the nation.

### 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 the OFR's website ([www.flofr.com](http://www.flofr.com)) or in writing. Complaints are processed by a core group of four staff members who provide assistance to consumers or referrals to appropriate agencies. Initial review of the complaints is performed to identify priority issues, which are referred to the regional office staff for initiation of an examination. This focuses Bureau resources on stopping abusive practices and addressing suspected violations.

During Fiscal Year 2013-14, Enforcement completed more than 3,800 complaint investigations.



The current market conditions of tight consumer credit and continued unemployment has caused the volume of consumer complaints to remain at high for the last four fiscal years. Over 1,500 of the complaints received were related to mortgage industry. These consumer complaints consist of issues relating to loan modifications being handled by third-party



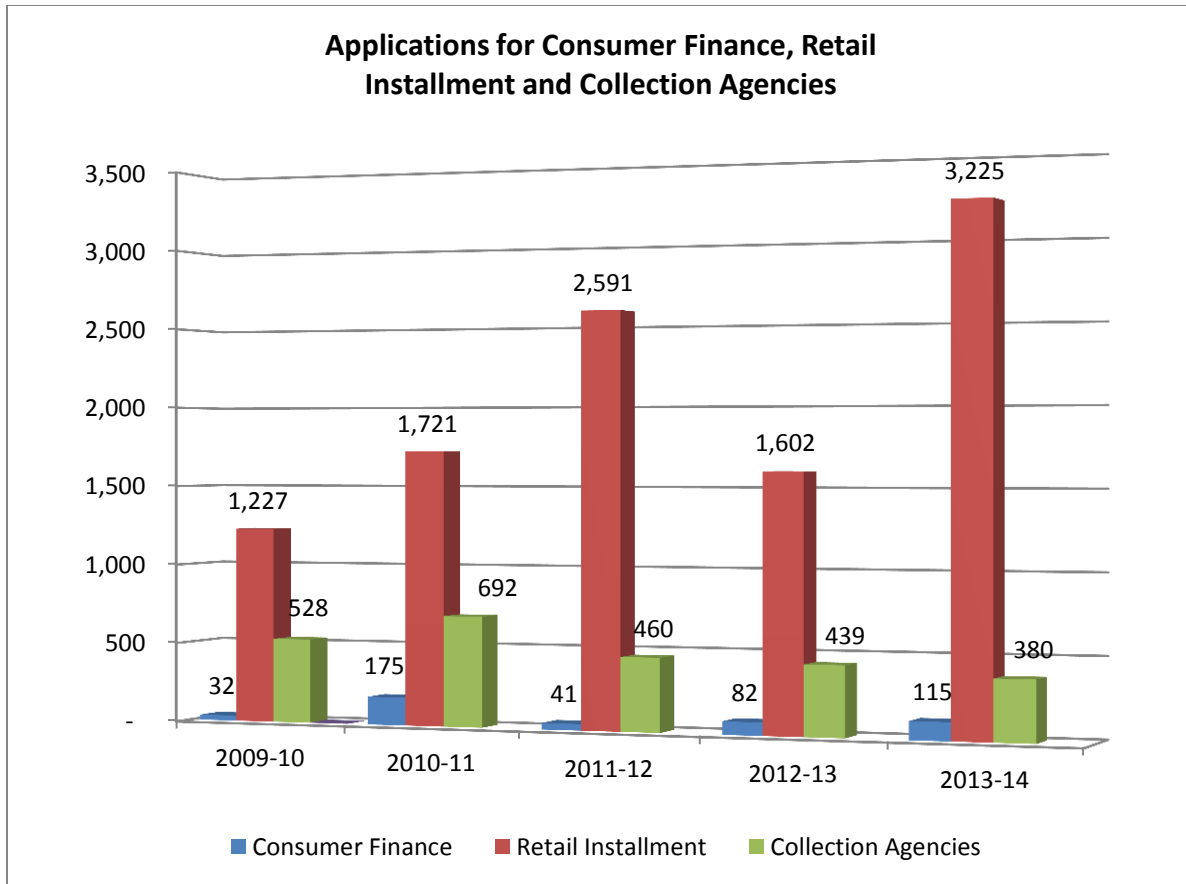
companies, loan modifications being handled by the consumer's loan servicer, and general servicing issues, such as forced placed insurance and misapplication of mortgage payments. These complaints mirror news reports regarding the foreclosure process on homes by large corporate servicers.

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 account for the second largest volume of consumer complaints with 1,214 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 received over 28,499 applications for licensure during Fiscal Year 2013-14, approved 27,512 new licenses, denied 423 applications and revoked 17 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 2013-14, Registration processed 100% of license applications in compliance with the APA.



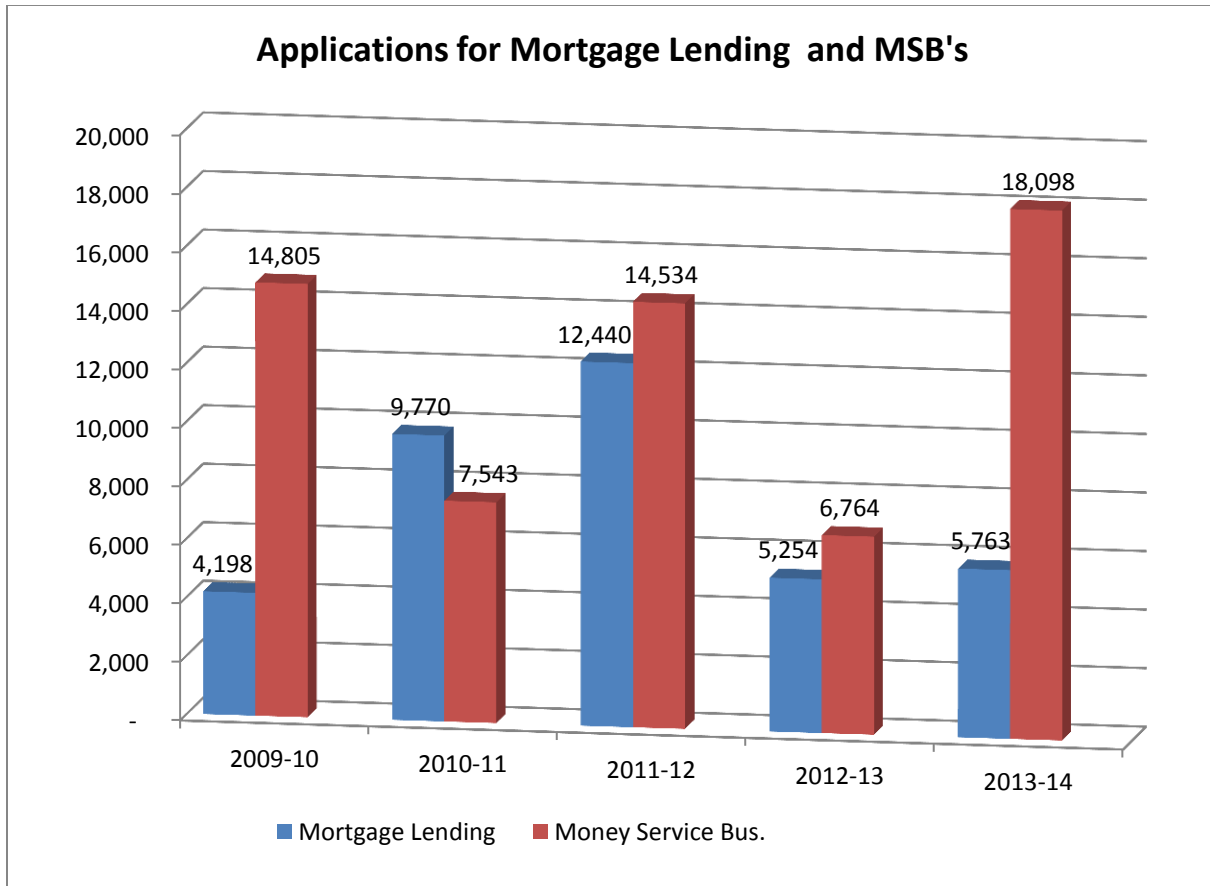
Each statute requires licensees to submit timely and accurate amendments with regulatory, criminal, civil or financial disclosures so the OFR can ensure licensees continue to meet minimum standards for licensure.

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 the 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. Registration continues to work to streamline processes and procedures to facilitate timely processing of both initial and renewal filings. In 2013-14, the bureau approved over 18,865 renewal applications, denied 60 renewal applications and accepted the withdrawal of 208 renewal applications.



## Division of Securities

The mission of the Office's Division of Securities (Securities) is investor protection. Securities 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.

Securities accomplishes its mission through its Bureau of Registrations (Registrations) by registering securities and investment advisory firms and their employees to conduct 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 dealers and investment advisory firms and their employees and develops enforcement actions brought by the OFR for violations of the securities laws. Both bureaus engage in outreach to consumers and selected groups, such as seniors, the securities industry and the Florida Bar.

### Enforcement

The Commissioner of the 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.

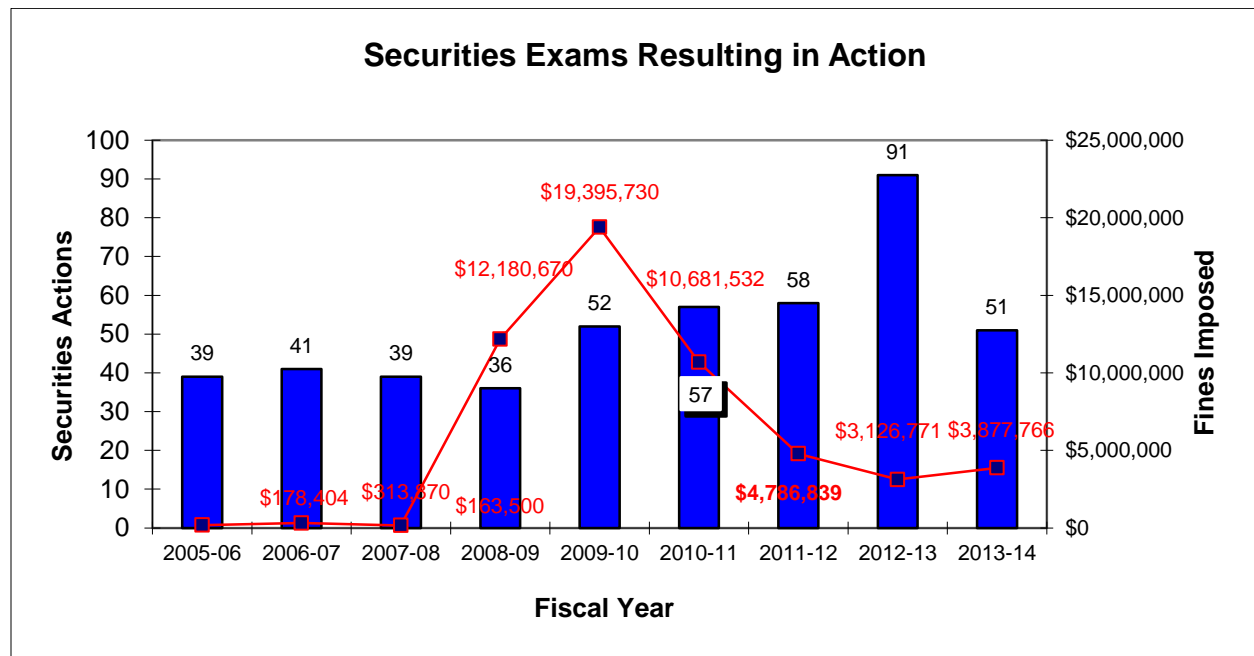
Enforcement works with the OFR Bureau of Financial Investigations regarding matters warranting criminal prosecution.

Civil, administrative or criminal violations of the Act 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.

Both 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. states 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. These relationships result 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 the OFR affecting Florida investors also result from these close relationships.

Securities staff jointly investigates 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.



Enforcement conducts 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. These examinations typically target registered firms and individuals whose history shows a pattern of conduct warranting further examination.

Some examinations involve more complex issues and are commenced when there appears to be significant securities law violations (i.e., fraud or abusive sales practices) or significant investor losses. These examinations require significant time and resources and may be resource intensive. It is possible they will lead to enforcement action.

The Bureau of Enforcement has bolstered its examination program of state registered advisers and has undertaken an initiative to examine all registered investment advisory firms on a five year cycle. Examinations will be assertive with a mindset of correcting deficiencies and business practices where the need exists. During Fiscal Year 2013-14, the Bureau of Enforcement conducted 179 investment adviser examinations.

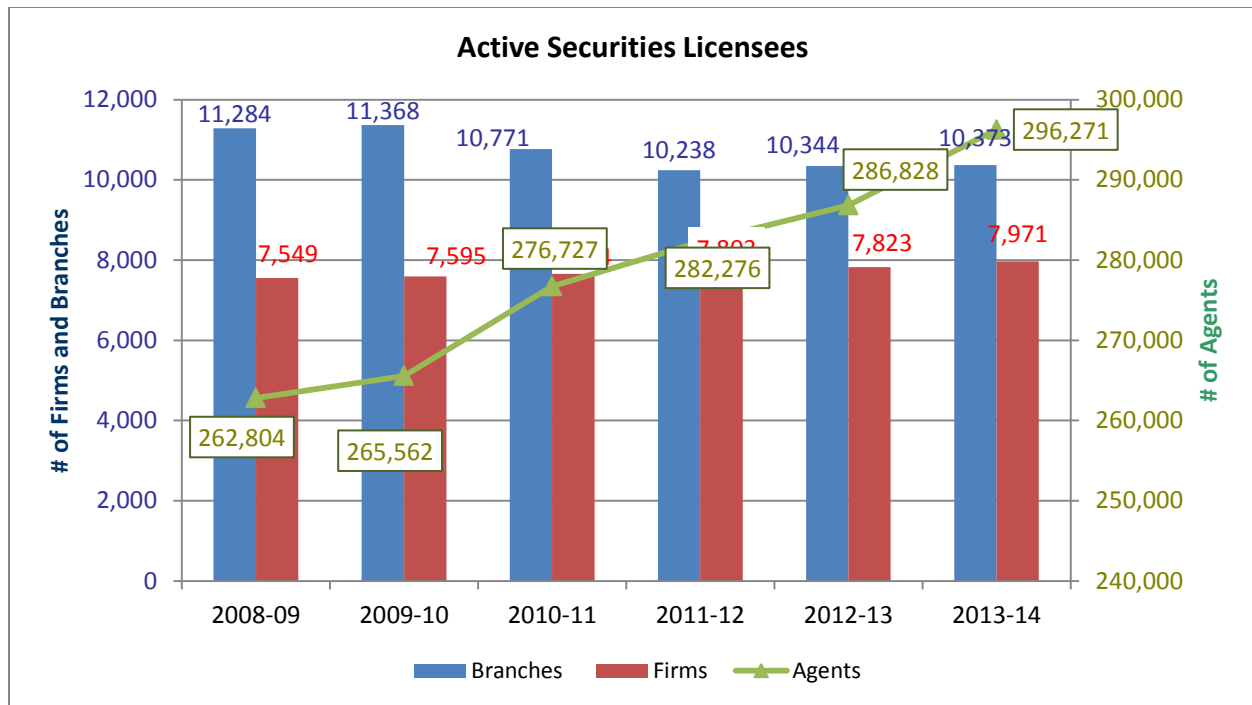
## Complaints

For Fiscal Year 2013-14, Enforcement received 311 complaints, 55% of which involved fraudulent or unregistered activities. The OFR encourages Florida investors and consumers to file complaints electronically through the OFR's website, [www.flofr.com](http://www.flofr.com), by calling 850-410-9500 or in writing. The OFR reviews all complaints received and determines whether there are violations of the Act which warrant action.

## Registration

As of June 30, 2014, there were 7,966 dealer and investment adviser firms, 10,373 branches and 296,271 individual associated persons actively registered with the OFR. 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 registration requirements set by the Act and the rules are allowed to conduct business in Florida. In instances where the 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 applying 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 identifies 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 18,000 disciplinary updates on registrants in Fiscal Year 2013-14. 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 the OFR and other state securities regulators. The OFR registers securities dealers and associated persons conducting business in, to or from Florida, and FINRA registers its member dealers through the CRD. The OFR registers smaller investment advisers and associated persons of all investment

advisers conducting business in Florida and the SEC registers larger investment adviser firms through the IARD.

Securities is the sole regulator of approximately 1,600 investment adviser firms conducting business in, to or from Florida. Investment advisers with up to \$100 million in assets under management register with state regulatory agencies; those over the \$100 million threshold register with the U.S. Securities and Exchange Commission. Registrations has dedicated staff to registering investment adviser firms and their associated persons, as well as processing branch office notice filings. As part of the registration process, Securities uses a pre-registration conference with applicants to discuss requirements to maintain their registrations and record keeping and compliance requirements after they become registered. The conference provides an opportunity for open dialogue between the industry and the Securities staff and apprises firms of their compliance responsibilities. A guide is also sent to newly registered investment advisers to assist them in understanding their compliance obligations. The guide is available on the OFR website.

### Initiatives

Crowdfunding is a method of obtaining small amounts of money from a large number of people to fund a particular project or entity, usually conducted through the internet. The Jumpstart our Business Startups (JOBS) Act was signed into law by President Obama in April 2012. The JOBS Act created an exception for crowdfunding offerings from registration requirements imposed under the federal securities act. Issuers may raise up to \$1 million in a 12-month period so long as certain requirements are met. The SEC proposed rules on October 23, 2013, to implement the federal law. Although the comment period for the proposed federal rules concluded February 3, 2014, the SEC has not issued its final rules. Legislation was proposed during the 2014 Florida Legislative Session that would have allowed intrastate crowdfunding in Florida; however, the legislation did not progress to a vote. It is anticipated that legislation will again be proposed during the 2015 Legislative Session.

The federal Securities Act of 1933 ('33 Act) requires companies that are publicly offering securities for investment to register the offering with the SEC and provide all material information necessary for investors to make an investment decision. The '33 Act also provides some exemptions from registration requirements. In particular, Regulation A exempts from registration those securities offerings that do not exceed \$5 million. Regulation A offerings, however, are generally subject to the registration requirements under state securities law. Unless federal law specifically preempts a securities offering from state regulation, issuers must meet the specific requirements for each state in which they want to sell an offering. In an effort to increase small business public offerings, the JOBS Act raised the threshold for use of the registration exemption from \$5 million to \$50 million. State securities regulators anticipated that many of the Regulation A offerings would be required to register in states where the offering would be sold and designed a coordinated review program. In an effort to increase the creation of jobs in Florida and



provide increased investor protections, Securities has proposed rules that will allow Florida to participate in the coordinated review program.

### Staff Training

The OFR conducts mission critical training for the Securities staff and provides opportunities for staff to participate in training sponsored by NASAA. Securities has a need to compress the amount of time it takes to fully train an examiner and is using existing resources to hire a full-time trainer. This position will develop a formal training curriculum and a structured content delivery process that leverages technology and meets the division's needs. This effort will include initial training for new staff as well as continuing training for intermediate and veteran staff. To supplement the efforts of the trainer, Enforcement will also seek to annually conduct a statewide training program for all enforcement and legal staff in which industry and other agencies, such as NASAA, FINRA and the SEC, will provide training.

### Public Outreach

Securities engages in outreach to educate the public so they can protect themselves from fraud and other abuses perpetrated by unscrupulous firms and individuals. The 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.

### Compliance and Legal Outreach

Securities provides compliance and legal 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 Securities staff.

## **Bureau of Financial Investigations**

Most investigations originate from consumer complaints, referrals from other agencies, confidential sources and coordination with law enforcement. The Bureau of Financial Investigations (BFI) also works with staff from the Divisions of Securities, Consumer Finance and Financial Institutions to enforce the securities, consumer finance and banking laws.

### **Mortgage Fraud**

While Florida's real estate market is rebounding, there continues to be a substantial number of foreclosures. Florida also continues to have a high percentage of investors and cash buyers entering the real estate market.

According to Interthinx, a company that analyzes mortgage lending data for indications of fraud, Florida's latest mortgage fraud index has been trending downward. Interthinx identified Florida as ninth in the nation in terms of fraud indicators, falling from third last year.

BFI expects that property valuation fraud will continue to be a concern. This fraud is perpetrated by manipulating property values to create "equity," which is then extracted from loan proceeds by various means. Employment/income fraud, which occurs when an applicant's income is misrepresented in order to meet underwriting guidelines for a loan, is another common type of mortgage fraud.

While the number of mortgage fraud investigations opened by the BFI in fiscal year 2013-14 is substantially lower than the years immediately following the collapse of the real estate market in the United States, the BFI expects it will begin to receive complaints and actionable intelligence that will increase the rate of mortgage fraud investigations being opened.

### **Advance Fee for Loan Fraud**

High unemployment and tightened credit markets continue to create an environment where opportunities for advance fee frauds flourish. These cases are challenging for the BFI as the crime usually occurs over the phone or online. The perpetrator taking the advance fees typically uses a stolen or fake identify and can be located anywhere in the world. The BFI has also noted that many of the victims pay the upfront fees in cash, transmitted by pre-paid stored value cards or via money transfer service. These payment methods make it difficult to follow the money and identify the perpetrators of the crimes.

The BFI has successfully investigated other advance fee cases in which large dollar amounts are collected as fees to purportedly fund commercial ventures. These funds are typically transmitted by wire or by check to someone operating in Florida.

## Check Cashier Investigations

Check cashing businesses can be common venues for individuals seeking an anonymous way to cash large numbers of checks to facilitate various money-laundering schemes. The criminals engaged in these activities believe check-cashing businesses are less likely than banks to ask questions, less likely to “know their customers,” and less likely to file currency transaction reports. Law enforcement is aware of numerous examples of check cashers that appear to be actively aligned with criminals and take a “cut” of the illegal proceeds when they cash the checks.

The OFR continues to partner with the Department of Financial Services’ Division of Insurance Fraud to share resources and information to battle workers’ compensation fraud. The BFI has also taken steps to proactively identify and investigate check cashers that may be facilitating illegal activity. The BFI, along with the Division of Consumer Finance, has formally assigned staff to the Division of Insurance Fraud’s Workers’ Compensation Fraud Task Force in South Florida. The BFI investigators analyze information, conduct interviews and assist with search warrants. The BFI and the Division of Consumer Finance have also been sharing information on a case-by-case basis with the Internal Revenue Service regarding the cashing of fraudulently obtained U.S. Treasury checks.

Based upon current caseload and trends, it is anticipated that approximately 10%-20% of investigative resources will be dedicated to these cases over the next fiscal year.

## Securities Fraud

The 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. The stock market has performed well over the past couple of years and a well-performing market usually helps mask illegal activity. The BFI traditionally sees a spike in customer complaints and investigations in the time period following a meaningful downward trend in the overall stock market.

The BFI continues to investigate 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, some local prosecutors may be less inclined to accept these cases. The BFI continues to work closely with other regulators and state and federal law enforcement in an attempt to rein in this illegal activity.

In 2012, Congress passed the Jumpstart Our Business Startups (JOBS) Act, which resulted in new rules permitting general solicitations in certain private placement investment offerings. The JOBS Act will allow businesses to begin raising small amounts of money through crowdfunding campaigns occurring online. Historically, many of the investment fraud cases investigated by the BFI involve the sale of private placement

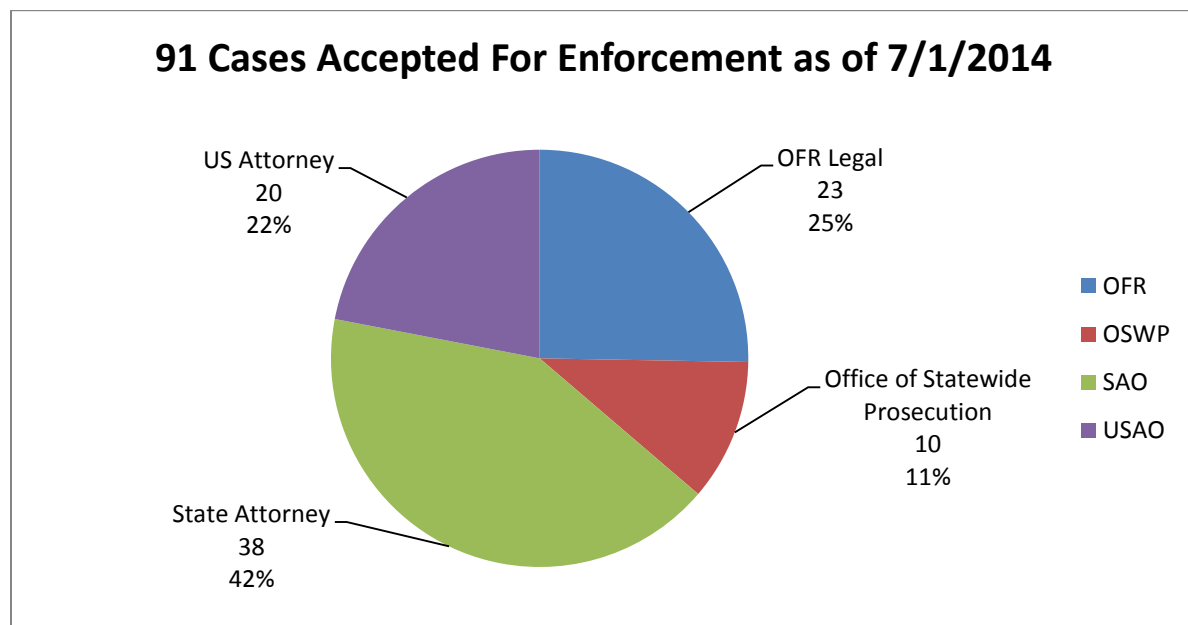
offerings to retail investors. With this potential liberalization of the offering process come concerns about the potential for fraud. The BFI will monitor the impact this law will have on Florida citizens.

It is estimated that in the upcoming year, approximately 60% – 75% of investigative resources will be dedicated to securities fraud investigations.

### Caseload

As of July 2014, the BFI had 203 open cases. These investigations involve approximately 3,493 consumer victims and more than \$400 million dollars in potential losses to those victims. The average investigator's caseload is comprised of approximately nine cases.

When an investigation leads to a substantiated violation, the case is presented for criminal prosecution and/or to the OFR's staff attorneys for administrative or civil enforcement. Historically, approximately 80% of investigations accepted for enforcement result in criminal, civil and/or administrative action.



During fiscal year 2013-14, the BFI closed 189 cases. Ninety-six of those cases were formal investigations, including 32 investigations where enforcement action was taken. These cases resulted in nine administrative actions, and 23 criminal actions. As a result of investigative work performed by the Bureau, 38 criminal defendants were sentenced to a total of 144 years in prison and 139 years of probation.

## Challenges

The nature of fraud is that it is hidden. The BFI's goal is to increase its ability to detect criminal activity while it is happening, instead of detecting the conduct through customer complaints filed with the OFR. The BFI also desires to become faster at gathering and analyzing evidence in order to decrease the time it takes to present a case for enforcement action. To accomplish these goals, the BFI is using improved performance metrics and building better relationships with industry, other regulatory agencies, law enforcement and prosecutorial agencies. The BFI has also hired a forensic accountant and a criminal analyst to gather and analyze information. Lastly, the BFI invested money in a sophisticated software package that promises to reduce the time it takes to analyze financial institution records. These changes contributed to the OFR's successful filing of two civil injunctions during fiscal year 2013-14, which halted ongoing fraud. The injunctions resulted in the recovery of \$5 million of victims' money. The BFI also provided substantial assistance to a federal regulatory agency that filed a third injunction, which stopped an ongoing fraud and froze bank accounts of the alleged Florida-based perpetrators.

# **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>	<b>Code:</b> 4384			
<b>Service/Budget Entity: Safety and Soundness of State Banking System</b>	<b>Code:</b> 43900530			
<b>Approved Performance Measures for FY 2014-15</b>	<b>Approved Prior Year Standard FY 2013-14</b>	<b>Prior Year Actual FY 2013-14</b>	<b>Approved Standards for FY 2014-15</b>	<b>Requested FY 2015-16 Standard</b>
Percentage of new Florida financial institutions that seek state charters	67%	N/A	67%	67%
Percentage of surveys returned that rate the Division's examination program as satisfactory or above	84%	84%	75%	75%
Percentage of all applications, except new charter application, deemed statutorily complete that are processed within 60 days, and with 90 days	67%/100%	75%/100%	67%/100%	67%/100%
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%	91%	85%	85%

<b>Service/Budget Entity: Financial Investigations</b>	<b>Code:</b> 43900540			
<b>Approved Performance Measures for FY 2014-15</b>	<b>Approved Prior Year Standard FY 2013-14</b>	<b>Prior Year Actual FY 2013-14</b>	<b>Approved Standards for FY 2014-15</b>	<b>Requested FY 2015-16 Standard</b>
Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.	80%	91%	80%	80%
Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening	60%	85%	60%	60%
Number of Financial Investigations Closed	175	185	175	175

<b>Service/Budget Entity: Executive Direction &amp; Support Services</b>	<b>Code: 43900550</b>			
<b>Approved Performance Measures for FY 2014-15</b>	<b>Approved Prior Year Standard FY 2013-14</b>	<b>Prior Year Actual FY 2013-14</b>	<b>Approved Standards for FY 2014-15</b>	<b>Requested FY 2015-16 Standard</b>
Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs	less than 3%	4.72%	less than 3%	less than 5%
Program administration costs (including Office of Legal Services) as a percentage of total program costs	less than 10%	5.68%	less than 10%	less than 10%
Program administration positions (including Office of Legal Services) as a percentage of total program positions.	less than 10%	4.48%	less than 10%	less than 10%
Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions	less than 3%	3.36%	less than 3%	less than 5%

<b>Service/Budget Entity: Finance Regulation</b>	<b>Code: 43900560</b>			
<b>Approved Performance Measures for FY 2014-15</b>	<b>Approved Prior Year Standard FY 2013-14</b>	<b>Prior Year Actual FY 2013-14</b>	<b>Approved Standards for FY 2014-15</b>	<b>Requested FY 2015-16 Standard</b>
Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
Average number of days to refer a priority examination to Legal Services	43	186	43	43
Average number of days to conclude a priority examination	65	186	65	65
Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination	75%	70%	75%	75%
Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination	90%	75%	90%	90%



<b>Service/Budget Entity: Securities Regulation</b>	<b>Code: 43900570</b>			
<b>Approved Performance Measures for FY 2014-15</b>	<b>Approved Prior Year Standard FY 2013-14</b>	<b>Prior Year Actual FY 2013-14</b>	<b>Approved Standards for FY 2014-15</b>	<b>Requested FY 2015-16 Standard</b>
<b>Primary Service Outcome</b> - Number of examinations, investigations and enforcement cases resulting in imposition of substantial sanctions	25	58	45	50
<b>Primary Service Outcome</b> - Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
Number of active major enforcement cases	30	15	25	25
Number of complex securities examinations completed	55	151	60	60

# **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 & Soundness of State Banking System  
**Measure:** Primary Service Outcome - 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 13-14. 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 the economy has significantly recovered.

**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:** 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 3%	4.72%	+1.72%	+57.4%

**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 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:**

Actual Administrative Operating Expenditures in Executive Direction (less the REAL System & General Counsel’s Office) for the 16 Administrative Personnel were \$1,786,365, out of total OFR Operating Expenditures of \$31,463,079. As several positions were vacant in Executive Direction for several months, the expenditure reflects decreased salary & benefits expenditures and expense expenditures due to lack of travel. It appears that this measure is too low for the expenditures required to run the Executive Direction.

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

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

**Recommendations:**

Management recommends that the Performance Standard be adjusted to “less than 5%” to reflect a more accurate & attainable measure.

## 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:** Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions

**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 3%	3.36%	0.36%	+ 12.04%

**Factors Accounting for the Difference:**

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

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input 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:**

Effective July 2012, all remaining attorneys and legal staff (a total of 16 Personnel) were repositioned into the Divisions and no longer report to the General Counsel's office. This left the General Counsel, the Assistant General Counsel, a Senior Attorney, the Agency Clerk, and an Administrative Assistant in the Legal Office within Executive Direction. At this time, total FTEs for Executive Direction decreased from 34 FTEs to 18 FTEs. At July 2013, the Agency clerk duties were absorbed by another administrative position and the clerk's position # 4352 was moved to the Division of Securities. The General Counsel's Administrative Assistant Position #4011 was moved to the Division of Consumer Finance. The Public Records Coordinator Position #1855 was moved from the Division of Financial Institutions to the General Counsel's office. The end result was that Executive Direction FTEs decreased from 18 to 16, leaving General Counsel's Office with only 4 FTEs: the

General Counsel, the Assistant General Counsel, a Senior Attorney, and the Public Records coordinator.

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

Training

Technology

Personnel

Other (Identify)

**Recommendations:**

Management recommends that the Performance Standard be adjusted to “less than 5%” to reflect a more accurate & attainable measure.

## LRPP EXHIBIT III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Service 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:**

- |  |  |
|--|--|
| <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
43 days	186 days	143 days	333%

**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 exhibit measures high priority exams within the fiscal year of 2013-14 for chapters other than 560. The actual results for this measure were significantly inflated due to one case. This case dealt with an uncooperative licensee, who was intentionally masking their actual location. Our examiner spent approximately three months and numerous unsuccessful attempts to contact and issue an engagement letter. After which, the licensee repeatedly cancelled meetings with the examiner and ultimately failed to provide requested records. Despite the diligence of the examiner, this case shows how an unresponsive licensee can significantly delay the exam 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:**

**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:**

To prevent cases from lingering, management will conduct case reviews on a monthly basis. The reviews will place an emphasis on case activity reports to insure the timely progression of cases.

PM 133 measures the time frame from the time the case is opened to the time the case is referred to legal: 43 days. It is recommended that PM 133 be reviewed for a comparison to other metrics used to evaluate the staff. One example might be to start the measure from the date the examiner first visits or make contact with the licensee versus the date the exam is opened.



## LRPP EXHIBIT III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**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:**

- |  |  |
|--|--|
| <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
65 days	186 days	121 days	186%

**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:**

This exhibit measures high priority exams within the fiscal year of 2013-14 for chapters other than 560. The approved standard for this measure was developed based on certain types of cases from fiscal year 2010-11. The cases worked during fiscal year 2013-14 were more complex resulting in a longer period of time to conclude the case.

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

**Recommendations:**

Re-evaluate the approved measure based on a broader population and complexity of cases to develop a more reasonable measure.

## LRPP EXHIBIT III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**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:**

- |  |  |
|--|--|
| <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%	70%	(5%)	(7.1%)

**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:**

PM 135 measures the percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination. The measure of 60 days also includes tasks performed by attorneys who complete a legal review of the case before the examination report is issued. During fiscal year 2013-14 the division experience turnover within the legal section which left the section understaffed. This contributed to the added delay in the time between conclusion of the case and the examination report being issued to the licensee.

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

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

**Explanation:**

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

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

**Recommendations:**

The division has focused its efforts to fill all vacancies within the legal section and is re-evaluating processes and procedures to prevent delays within this process.

## LRPP EXHIBIT III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**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:**

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

**Explanation:**

PM 136 measures the percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination. The measure of 60 days also includes tasks performed by attorneys who complete a legal review of the case before the examination report is issued. During fiscal year 2013-14 the division experience turnover within the legal section which left the section understaffed. This contributed to the added delay in the time between conclusion of the case and the examination report being issued to the licensee.

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

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

**Explanation:**

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

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

**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 division has focused its efforts to fill all vacancies within the legal section and is re-evaluating processes and procedures to prevent delays within this process.

## 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 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	15	(15)	50%

**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:** The Bureau of Enforcement continues its efforts to bring major enforcement cases for egregious securities conduct impacting Florida citizens. However, as the sole regulator of state registered investment advisory firms with up to \$100 million in assets under management, the Bureau of Enforcement (“Enforcement”) has undertaken an initiative to examine all registered investment advisory firms on a five year cycle. Additionally, during the preceding two fiscal years, Enforcement has experienced significant staff turnover. Enforcement must have well trained examiners that can identify and assess matters involving significant complexity. As a result of the new initiative, as well as continuing staff development, the performance results of the active major enforcement cases was less 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 |
|--|-------------------------------------|

Personnel

Other (Identify)

**Recommendations:** As a result of the new initiative to examine all state registered investment advisory firms on a five year cycle, as well as continuing staff development, we request that this measure be deleted.

# **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 DOGI database, so that such data is deemed to be "audit-proof."



## 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 ninety days within which to issue final agency action on most domestic applications, other than new charter applications, received. 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, so that such data is deemed to be “audit-proof.”

## 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:** State financial institutions are the sources of data. OFR has 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
- 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 so that such data is deemed to be “audit-proof.”

## 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:** State financial institutions are the sources of data. 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 so that such data is deemed to be “audit-proof.”

## 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 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 (REAL) System.

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 for Civil Action

Case Accepted by Legal

Case Accepted by OSWP

Case Accepted by SAO

Case Accepted by USAO

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

**Calculation of Outcome Measure:** Cases closed as Exceptional Clearance are eliminated from the data pool for both the numerator and denominator. 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.

**Data Source:** The data is obtained from the REAL System 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. Cases closed as Exceptional Clearance are removed from the data set prior to calculating the result.

**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 OFR's ability to conduct quality financial investigations which identify and sufficiently documents fraudulent activity under OFR jurisdiction and the Bureau's support to the prosecution.

Due to the circumstances surrounding cases that are closed with a disposition of Exceptional Clearance, the Bureau believes it is not appropriate to include these cases when calculating this outcome.

This Outcome measures 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.

## 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 (REAL) System.

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.

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:

- 1) The egregiousness of conduct, including the length of time conduct occurred and whether recidivists were involved.
- 2) Whether the impact or potential impact to Florida Citizens is significant (i.e. due to the large number of victims, high dollar losses, or vulnerability of victims.
- 3) Whether the persons involved in the conduct are licensees or registrants
- 4) Whether the alleged illegal conduct is on-going
- 5) 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 for Civil Action  
Case Accepted by Legal  
Case Accepted by OSWP  
Case Accepted by SAO  
Case Accepted by USAO

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 is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted 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.

## 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) 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.

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.

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 date is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted 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 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, the Bureau Quality Assurance Gridlines 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.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission –Office of Financial Regulation

**Service/Budget Entity:** 43900550 – Executive Direction

**Measure:** Program administration costs (including Office of Legal Services) as a percentage of total program costs

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total expenditures for Executive Direction (less expenditures for the REAL System) 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:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900550 – Executive Direction

**Measure:** Program administration positions (including Office of Legal Services) as a percent of total program positions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total number of Full Time Equivalent (FTEs) for Executive Direction is divided by the number of FTEs for OFR as a whole.

### **Validity:**

The measure assesses the percentage of the OFR staffing that is dedicated to program administration to demonstrate effective use of the state resources used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of size of administrative programs.

### **Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900550 – Executive Direction

**Measure:** Program administration costs (excluding Office of Legal Services) as a percentage of total program costs

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. Based on organization codes contained in FLAIR, the expenditures for the Office of Legal Services and the REAL System 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:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900550 – Executive Direction

**Measure:** Program administration positions (excluding Office of Legal Services) as a percent of total program positions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total number of Full Time 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:**

## 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** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA, Section 120.60, Florida Statutes). The APA requires state agencies that process applications for licensure to 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:** 43900560 – Finance Regulation

**Measure:** Average number of days to refer a priority examination to Legal 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:** 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 by issue will be identify which were referred for the relevant period. Second, the "activity 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 (activity 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 taking 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. A timely administrative action can result in a cease and desist issued to the company, administrative fines, refunds 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 date 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:** Average number of days to conclude a priority examination

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in 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 by issue will be identified which are closed for 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 date 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:** 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 date all the required documents are received on the examination and the date the final examination report is issued. The date will be the closed date of the “Activity End Date” activity and the start 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 “RBT High Priority” 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 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 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 date all the required documents are received on the examination and the date the final examination report is issued. The date will be the closed date of the “Activity End Date” activity and the start date of the “Report Submitted/Issued” activity. This measure will only include examinations that are coded as routine. Examinations conducted “RBT High Priority” 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 “RBT High Priority” 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 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:** 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.

## 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.

## 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.

# **Associated Activity Contributing to Performance Measures – LRPP Exhibit V**

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

**43900530 - Safety and Soundness of State Banking System**

Measure Number	Approved Performance Measures for FY 2014-15		Associated Activities Title
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

**43900540 - Financial Investigations**

Measure Number	Approved Performance Measures for FY 2014-15		Associated Activities Title
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 2014-15		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	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
4	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
5	Percentage of license applications processed within Administrative Procedure Act requirements.		Regulate Non-depository Firms, Branches and Individuals to ensure Regulatory Compliance

**43900570 - Securities Regulation**

Measure Number	Approved Performance Measures for FY 2014-15		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

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

**43900570 - Securities Regulation (continued)**

Measure Number	Approved Performance Measures for FY 2014-15		Associated Activities Title
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. OFR's unit cost data is rolled into the Department of Financial Services' Exhibit VI.

Listed below is the data for the OFR measures that are rolled into the DFS measures. The complete exhibit, including all of DFS and the audit report, is found on subsequent pages.

ACTIVITIES * MEASURES	Number of Units	Unit Cost	Expenditures (Allocated)
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * <b>Examinations of non-depository financial service companies to determine compliance with regulations.</b>	317	20,342.26	6,448,498
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>	27,952	88.35	2,469,576
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>	216	55,081.99	11,897,709
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>	25	29,871.96	746,799
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * <b>Number of financial investigations into allegations of fraudulent activity.</b>	189	19,642.49	3,712,431
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * <b>Examinations of money services businesses conducted to determine compliance with regulations.</b>	600	4,821.42	2,892,850
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>	272	21,891.12	5,954,385
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>	54,307	47.00	2,552,451





WUCSSP03 LAS/PBS SYSTEM  
 BUDGET PERIOD: 2005-2016  
 STATE OF FLORIDA

SP 09/24/2014 15:45  
 SCHED XI: AGENCY-LEVEL UNIT COST SUMMARY  
 AUDIT REPORT FINANCIAL SERVICES

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
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	299,722	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	642,138	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	12,720,351	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	750,000	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	128,447	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	14,495,110	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,780,920	
43500400	1205000000	ACT9010	TRANSFER TO FLORIDA CATASTROPHIC	750,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,149,385	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	241,080	

TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	311,671,090	188,000
TOTAL BUDGET FOR AGENCY (SECTION III):	311,671,180	188,000
DIFFERENCE:	90-	
(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 – Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act

Validity – the appropriateness of the measuring instrument in relation to the purpose for which it is being used

WA – Written Agreement