



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

LONG-RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

September 30, 2015

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 2016-17 through Fiscal Year 2020-21. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.myfloridacfo.com/>. This submission has been approved by Jeff Atwater, Chief Financial Officer.

A handwritten signature in blue ink, appearing to read "R. C. Kneip".

Robert C. Kneip
Chief of Staff



Department of Financial Services

Long-Range Program Plan

**Fiscal Years
2016-17 through 2020-21**

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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
11	8	8	8	8	8

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
72.65%	97%	97%	98%	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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
50%	50%	50%	50%	50%	50%

Division of State Fire Marshal:

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
20%	20%	20%	20%	20%	20%

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

FY2008-09 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
1,224	1,224	1,224	1,224	1,224	1,224

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
1,260	1,320	1,320	1,320	1,320	1,320

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
65	65	65	65	65	65

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

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$6.863	\$6.863	\$6.863	\$6.863	\$6.863	\$6.863

Outcome 1B.10: Number of investigations completed.

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
2,912	2,912	2,912	2,912	2,912	2,912

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

FY 2012-13 Baseline	FY 2016-17	FY 2017-18	FY2018-19	FY2019-20	FY2020-21
61	59	59	59	59	59

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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
80%	88%	90%	90%	95%	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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
0.2%	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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
100%	100%	100%	100%	100%	100%

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

FY2011-12 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
98%	98%	98%	98%	98%	98%

Division of Risk Management:

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$2,016	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850

Division of Rehabilitation and Liquidation:

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
2%	2%	2%	2%	2%	2%

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
25%	25%	25%	25%	25%	25%

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

FY2007-08 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
90%	90%	90%	90%	90%	90%

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$4.83	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$1,470	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275

Division of Public Assistance Fraud:

Outcome 2A.13: Return on investment.

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
600%	600%	600%	600%	600%	600%

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

Division of Legal Services, Public Records Unit:

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

FY2010-11 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
70%	95%	95%	99%	100%	100%

3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

Objective 3A: Improve service to customers.

Division of Administration:

Outcome 3A.1: Percentage of appointment packages processed within the five day time standard.

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
97%	95%	95%	95%	95%	95%

Outcome 3A.2: Percentage of minority new hires.

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
54%	55.5%	56%	56.5%	56.5%	56.5%

Division of Legal Services:

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

FY2006-07 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
10%	100%	100%	100%	100%	100%

Division of Information Systems:

Outcome 3A.4: 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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
95%	95%	95%	95%	95%	95%

Office of Insurance Consumer Advocate:

Outcome 3A.5: Percentage of referred cases responded to and/or transferred within 10 days of receipt.

FY2010-11 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
90%	90%	90%	90%	90%	90%

Outcome 3A.6: Percentage of rate filings subject to public hearing which were reviewed by our office.

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
95%	95%	95%	95%	95%	95%

Division of Treasury:

Outcome 3A.7: Percentage of state employees participating in the State Deferred Compensation Plan.

FY2011-12 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
40%	40%	40%	40%	40%	40%

Division of State Fire Marshal:**Outcome 3A.8:** Percentage of students passing certification exam on first attempt.

FY2011-12 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
77%	77%	77%	77%	77%	77%

Division of Risk Management:**Outcome 3A.9:** 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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
95%	95%	95%	95%	95%	95%

Outcome 3A.10: Percentage of tort liability claim files resolved prior to litigation.

FY 2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
81%	81%	81%	81%	81%	81%

Outcome 3A.11: Number of agency loss prevention staff trained during the fiscal year. (top 3 agencies)

FY 2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
80	80	80	80	80	80

Division of Rehabilitation and Liquidation:**Outcome 3A.12:** Percentage of service requests, excluding Public Records Requests, closed within 30 days.

FY 2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
80%	80%	80%	80%	80%	80%

Division of Agent and Agency Services:**Outcome 3A.13:** Average number of investigations per investigator.

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
71.3	88	88	88	88	88

Outcome 3A.14: Average number of applications processed per licensing FTE.

FY2013-14 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
2,647	3,450	3,450	3,450	3,450	3,450

Division of Consumer Services:**Outcome 3A.15:** Percentage of consumer responses that rate the Division's services as good or excellent. (Survey results)

FY2010-11 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
75%	78%	78%	78%	78%	78%

Outcome 3A.16: Percentage of helpline call and service request audits that result in quality service (audit scores).

FY2007-08 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
80%	92%	92%	92%	92%	92%

Outcome 3A.17: Percentage of phone calls answered within four minutes.

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
80%	85%	85%	85%	85%	85%

Division of Funeral, Cemetery and Consumer Services:

Outcome 3A.18: Percentage of deficiency letters sent out within five business days of receiving the application.

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
88%	88%	88%	88%	88%	88%

Division of Workers' Compensation:

Outcome 3A.19: Percentage of overall Workers' Compensation accepted claims in electronic data interchange (EDI) form filings.

FY 2011-12 Baseline	FY 2016-17	FY 2017-18	FY2018-19	FY2019-20	FY2020-21
76%	85%	85%	86%	87%	88%

Outcome 3A.20: Percentage of disputed issues between carriers, employers and injured workers resolved during the informal dispute resolution process.

FY 2011-12 Baseline	FY 2016-17	FY 2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
65.6%	75%	75%	75%	75%	75%

Division of Insurance Fraud:

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

FY2011-12 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
\$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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
70%	70%	70%	70%	70%	70%

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

FY2012-13 Baseline	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
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

Programs and Statutes	Description
<u>Office of the Chief Financial Officer and Administration</u>	Serves DFS and its stakeholders with necessary support. <ul style="list-style-type: none"> ➤ Division of Legal Services ➤ Division of Information Systems ➤ Division of Administration ➤ Office of Inspector General ➤ Office of Chief of Staff ➤ Office of Insurance Consumer Advocate
<u>Treasury (Division of Treasury)</u> Chapters 17 and 280, Florida Statutes	Ensures that state monies, employee deferred compensation contributions, state and local governments' public funds on deposit in Florida banks and savings associations, and cash and other assets held for safekeeping by the CFO are adequately accounted for, completely invested, and protected. Responsible for: <ul style="list-style-type: none"> ➤ deposit security (collateral management) ➤ funds management and investment ➤ deferred compensation (supplemental retirement program)
<u>Financial Accountability for Public Funds</u> <i>(Division of Accounting and Auditing)</i> Chapters 17 and 717, Florida Statutes	Promotes financial accountability for public funds throughout state government and provides Florida's citizens with comprehensive information about how state funds are expended. Responsible for: <ul style="list-style-type: none"> ➤ providing the public with timely, accurate, and comprehensive information on the financial status of the state, its component units, and local governments ➤ audit of disbursements and other financial transactions ➤ state employee payroll services ➤ recovery and return of unclaimed property
<u>Fire Marshal</u> <i>(Division of State Fire Marshal)</i> Chapter 633, Florida Statutes	Assures statewide fire safety. Responsible for: <ul style="list-style-type: none"> ➤ licensing and inspections ➤ arson investigations ➤ professional standards, training and state certification ➤ forensic laboratory services
<u>State Property and Casualty Claims</u> <i>(Division of Risk Management)</i> Chapters 284, Florida Statutes	Ensures that state agencies are provided quality insurance coverage at reasonable rates. Provides to all state agencies: <ul style="list-style-type: none"> ➤ self-insurance program with coverage for workers compensation, general liability, property insurance and others ➤ claims handling services ➤ technical assistance in loss prevention and managing risks

Programs and Statutes	Description
<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"> ➤ rehabilitation – take actions necessary to correct the conditions that necessitated the receivership ➤ liquidation – maximize the value of the assets of the liquidated company and distribute the assets equitably
<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"> ➤ licensing and appointment of individuals and entities authorized to transact insurance in Florida ➤ investigating alleged violations of the Florida Insurance Code
<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"> ➤ investigating suspected insurance and financial fraud ➤ issuing public information announcements ➤ training for insurers to help deter and combat fraud
<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"> ➤ providing information to consumers about insurance-related topics ➤ serving as a mediator between consumers and insurance companies
<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"> ➤ licensing and regulation of death care businesses and professionals ➤ investigations and mediation for customer complaints ➤ continuing education

Programs and Statutes	Description
<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"> ➤ program recipient investigations (eligibility fraud) ➤ trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores) ➤ day care services providers ➤ DCF ACCESS Program employee fraud ➤ prescription drug diversion
<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"> ➤ auditing insurers to ensure they provide prompt and accurate benefit payments to injured workers ➤ ensuring that employers secure workers' compensation coverage ➤ collecting trust fund assessments ➤ assisting injured workers in obtaining benefits ➤ collecting proof of coverage, medical, and claims data ➤ resolving reimbursement disputes between health care providers and insurers

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 partnering with Florida PALM to standardize 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 FY2014-2015, 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 12th 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 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.

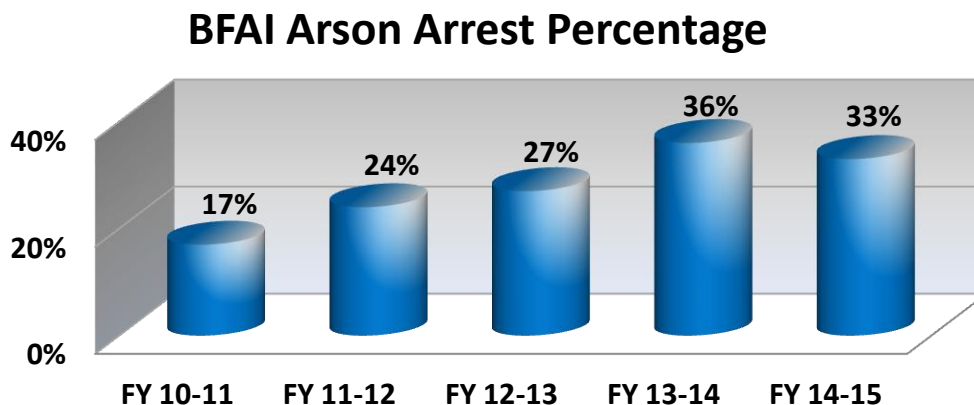


Figure 1-BFAI

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 recreate 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 13,321. In the immediate past fiscal year, 2014–15, the Bureau processed 11,637 items.

The total number of items submitted and processed has dropped each fiscal year since FY 2011-2012. 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 very slow drop over the first four of the past five fiscal years. In FY 2014-2015 there was a slight increase in these processes from the prior year.
- The numbers of explosives/chemical analyses and digital image cases have shown a more significant decrease in requests over the same five years.
 - In FY 20011-12 the number of explosive/chemical analyses was 3,645 and by FY 2014-15 it had decreased to 1,225 (down 2,420 or 66.4%).
 - The key reason is that the process used by most operators of clandestine methamphetamine laboratories is a “one-pot” reaction that can be performed anywhere, even in a car driving down the road.
 - There have been fewer clandestine laboratories raided where chemicals other than those in a reaction mix are available for submission.
 - The numbers of explosives and other unknown chemicals analyses have decreased over that time period as well but not at the rate for chemicals found in clandestine methamphetamine laboratories.
- The number of digital image case submissions rose from 2,926 in FY 2013-14 to 3,070 in FY 2014-15 (up 144 or 4.9%).

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 change in processing methods by clandestine methamphetamine laboratories.

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 2015-16 these funds will allow close to \$13,254 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. If no major changes occur we have been advised that our share of these funds for FY 16-17 may be over \$17,000. These

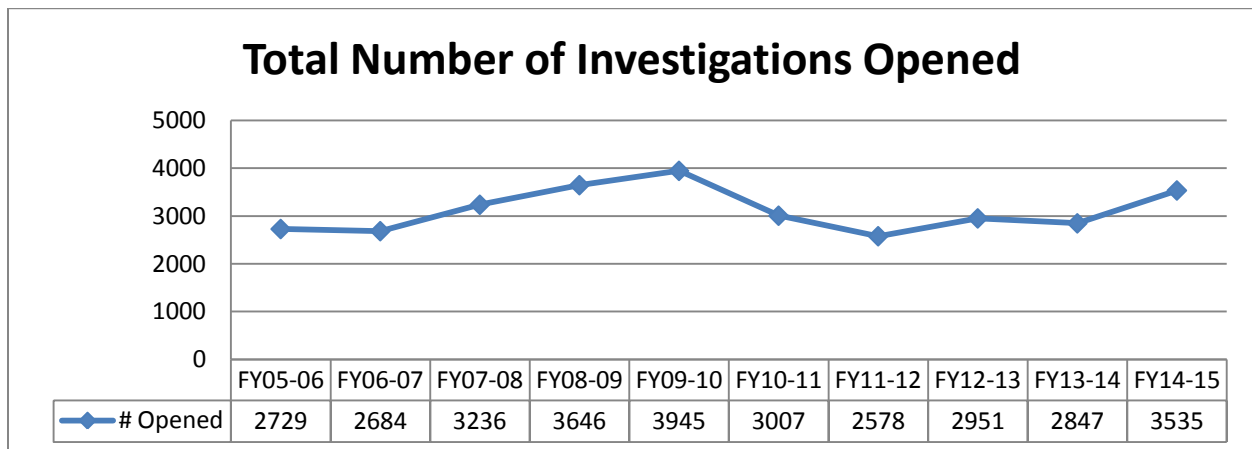
funds have been used to pay for staff training at professional meetings, proficiency testing, and some supplies.

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 lower than most forensic laboratories. In a 2010 report to the Connecticut legislature, a national survey determined that for “trace” evidence (of which fire debris and explosives analyses are a type) the average turnaround exceeded 50 days. Our 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 2010-11 was 6.2 days. The average for FY 2014-15 increased to 7.8 days. This is a direct effect of the loss of an analyst to another laboratory for increased pay. This cut our analytical staff by 25% while the position was vacant and a new analyst was hired. The training of the new analyst also reduces the availability of the remaining analytical staff as they must devote time to her training. Another analyst retired from the Bureau at the end of June 2015. We expect this loss to also cause an increase in turnaround while a new analyst is hired and trained.

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 2014-2015, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 3,535 opened investigations and 3,520 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 five 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 \$976,581.67 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 4% increase in criminal proceeding cases and a 15% increase in reciprocal action cases. While the complaints generated from outside industry sources increased 10%, the investigations initiated internally by operation of law and compliance monitoring increased by almost 35%. Of the investigations opened during FY 2014-2015, 50% were initiated by the bureau utilizing technology and access to valuable databases which is a 24% 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. The Bureau also referred 1% more completed cases (159 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 2014-15, the Division of Insurance Fraud made 1,317 arrests (includes arrests in which the division assisted other agencies); presented 1,590 cases for prosecution, and cleared 1,195 cases by convictions. The division received 20,392 referrals during Fiscal Year 2014-15.

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 2014-15, the division's budget was \$18.7 million. In contrast, the division requested \$38.1 million and secured \$51 million in court ordered restitution, accounting for no less than \$2.73 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, identity theft, and working without insurance coverage cases. These cases generally account 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 2005-06 and 2014-15, referrals increased 57.8 percent (*Figure 1-DIF*).

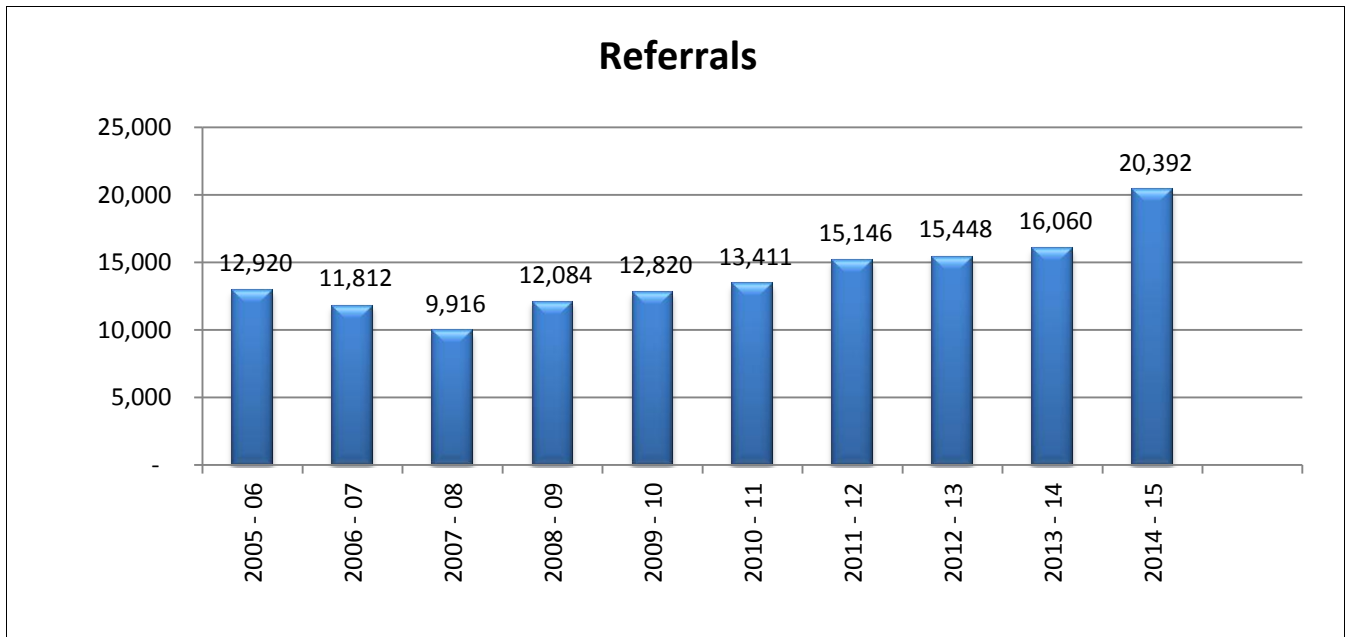


Figure 1-DIF. Number of reported insurance fraud referrals received between FY 2005-06 and FY 2014-15. The division experienced a 57.8 percent increase during the ten year period: from 12,920 referrals received in FY 2005-06 to 20,392 received in FY 2014-15.

The division continues to see gains in the number of convictions, which have increased by 207.2 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.

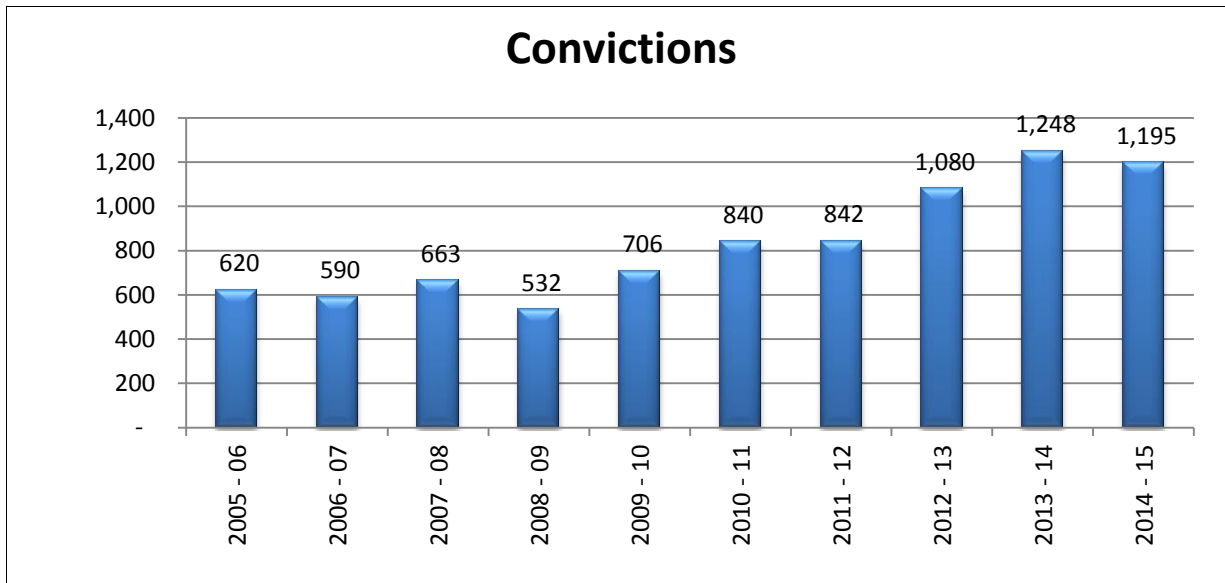
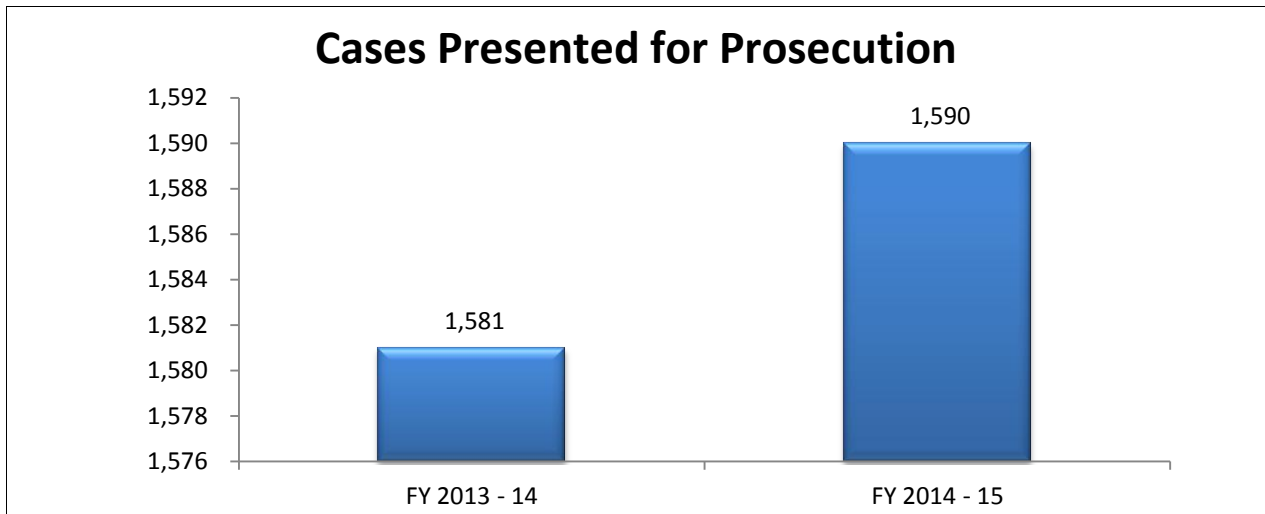


Figure 2-DIF. Convictions have increased by 92.7 percent over the past ten years.

Cases presented for prosecution remained consistent from 1,581 in Fiscal Year 2013-14 to 1,590 in Fiscal Year 2014-15.



In Fiscal Year 2014-15, the division averaged 13.27 arrests per detective. Physical and electronic surveillance; increased undercover operations; and coordinated efforts with federal, state, and local partnerships produce 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.

A little over thirty percent of the arrests made by division detectives during Fiscal Year 2014-15 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*).

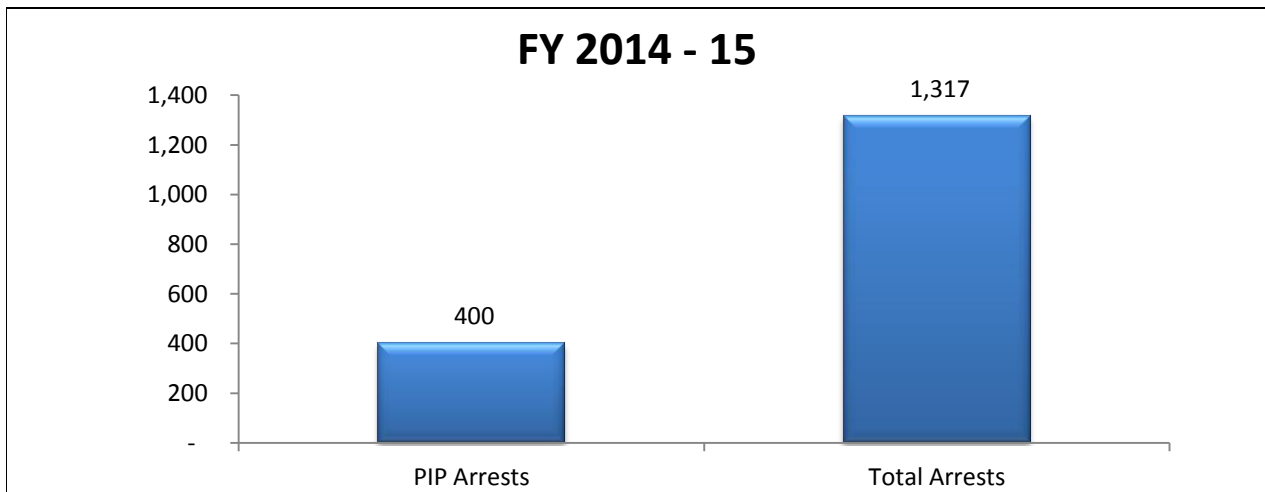


Figure 4-DIF. PIP arrests compared to all arrests for FY 2014-15.

The division's PIP fraud investigative efforts are enhanced through active participation with Medical Fraud Task Forces. Members include National Insurance Crime Bureau (NICB), local, state, and federal law enforcement officers, prosecutors, and members of the insurance industry.

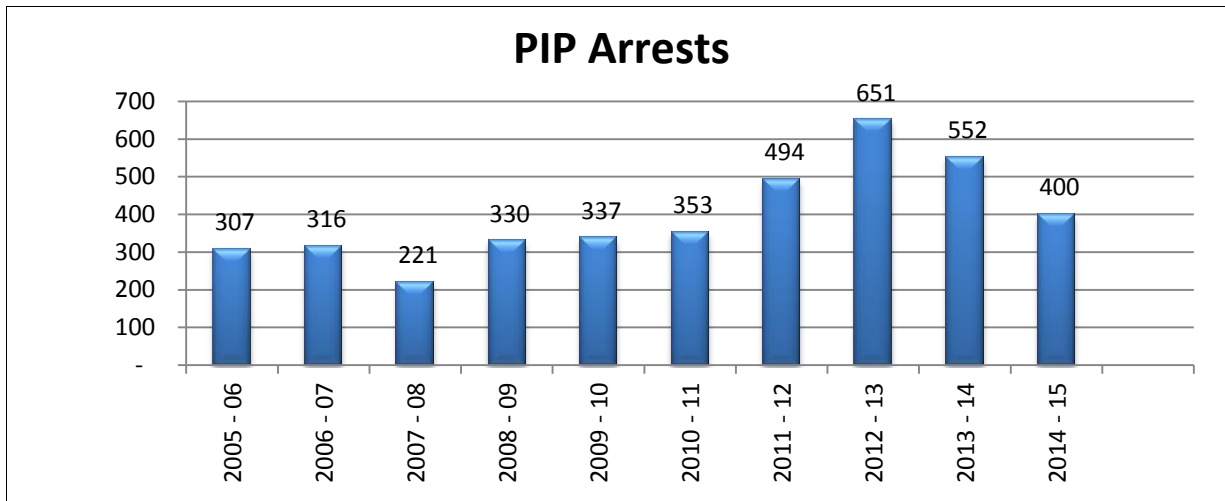


Figure 5-DIF. PIP Arrests increased 30.3 percent from FY 2005-06 to FY 2014-15

Workers' Compensation fraud continues to be a problem in Florida, accounting for 41.6 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 than ever before.

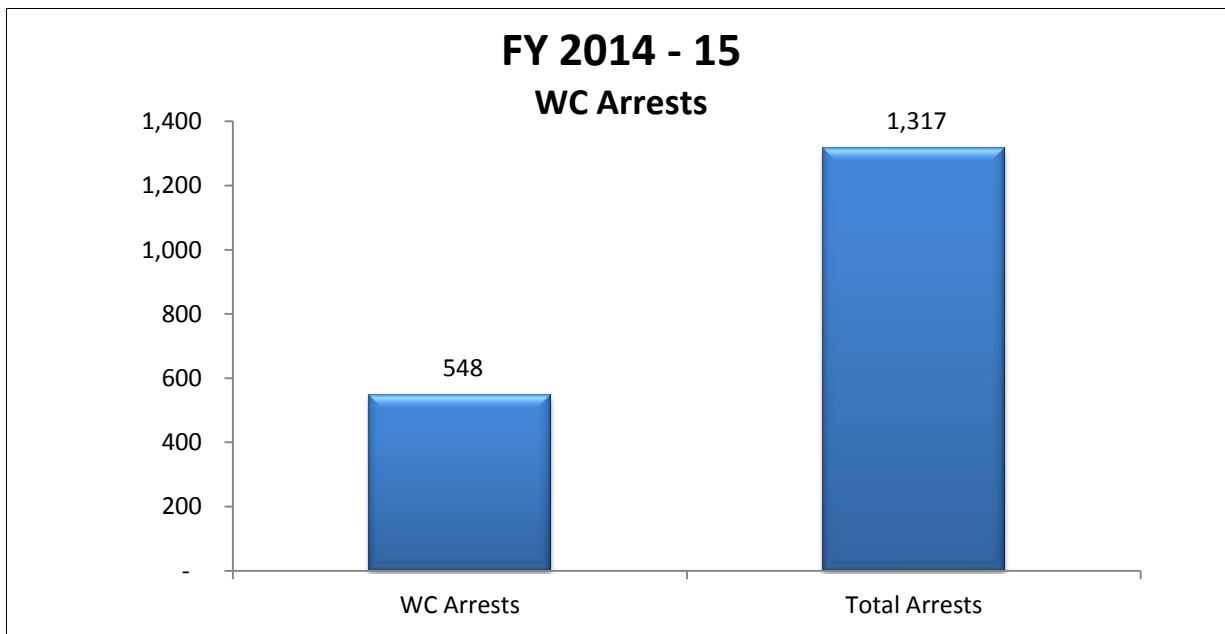


Figure 6-DIF. WC arrests compared to all arrests for FY 2014-15.

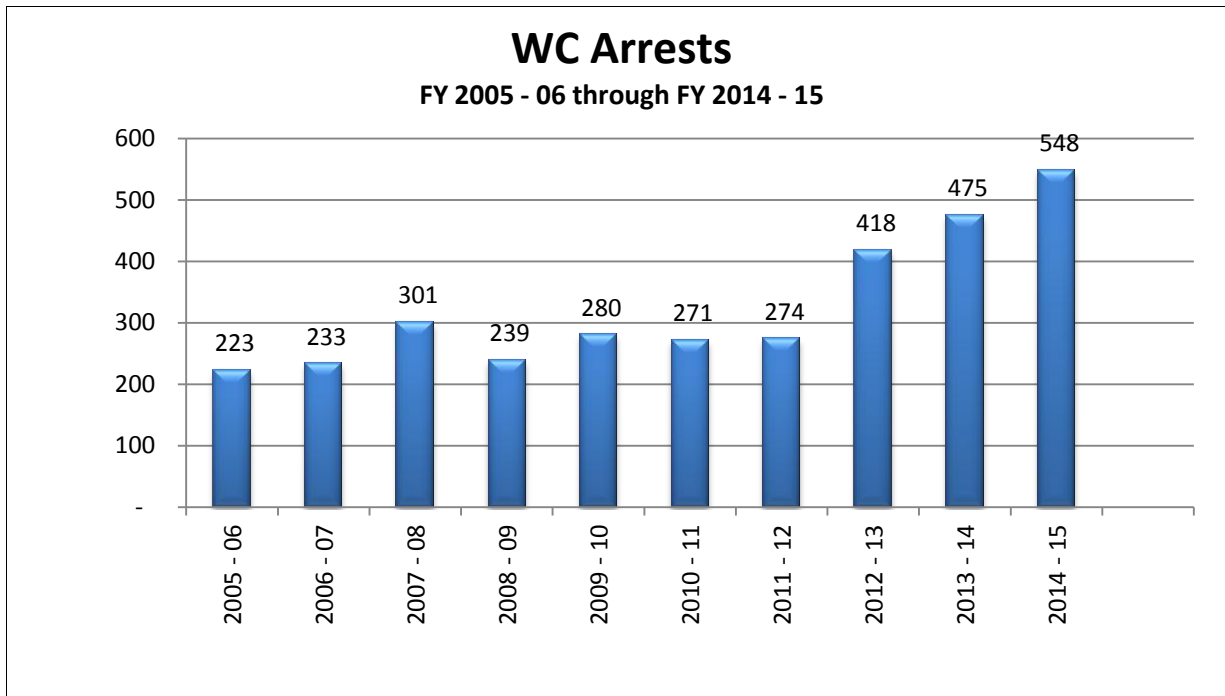


Figure 7-DIF. WC Arrests increased 146 percent from FY 2005-06 to FY 2014-15

Total arrests increased 65.6 percent over the last ten year period with Fiscal Year 2014-15 having 1,317 arrests.

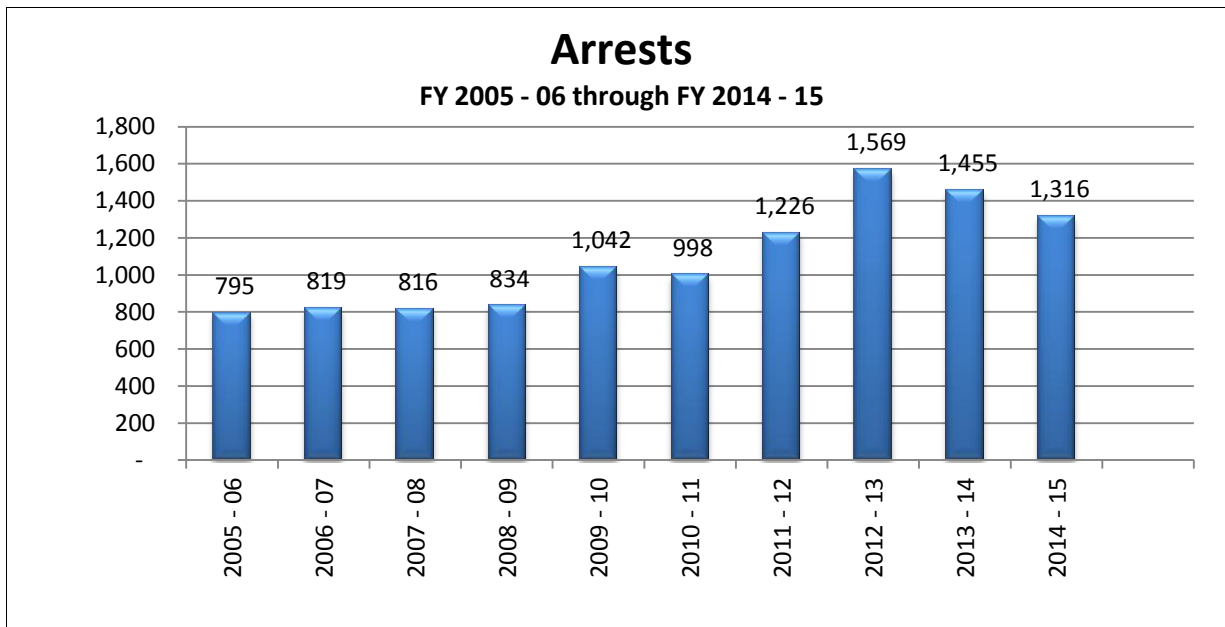


Figure 8-DIF. Arrests increased 65.6 percent from FY 2005-06 to FY 2014-15.

Fiscal Year 2014-15 was a very busy and productive year for the Division of Insurance Fraud. The division set an all time record with workers' compensation arrests and had a significant increase in licensee fraud 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 many areas of insurance particularly in workers' compensation. 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 9,850 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 1,100 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)

- School Readiness program and Voluntary Pre-K program 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 that include state-administered food stamp and Medicaid benefits

Trends: Over the past year, DPAF shifted the focus of its specialized squad of ten Other Personnel Services (OPS) employees away from SNAP benefit trafficking to data matching activities connected with pursuing fraud due to unreported income among the 3.5 million recipients in Florida. This effort proved beneficial; although fewer individuals were pursued through administrative disqualification, the amount of fraud uncovered by the data matching was markedly higher. 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 shifted its focus and began capturing data on the number of daycare slots made available through our investigations. Notwithstanding that increased emphasis, the number of children awaiting subsidized daycare benefits remains high – approximately 60K.

Conditions: Florida has the third largest population of public assistance recipients in the nation behind California and Texas. Unlike other states, Florida has not replaced welfare fraud investigators eliminated during lean budget years. In May 2015, the number of SNAP households totaled 2,023,417; a 4.2% increase from May 2014 (1,941,762) indicating a steadily growing SNAP population even as the unemployment rate in Florida dropped to 5.5 percent. Florida's fraud rate was determined to be 7.5% by an independent study conducted in FY 2012-13. That rate applied to the number of SNAP households alone equals 151,756 households statistically committing fraud. With only 44 Financial Crime Investigators authorized for DPAF, the ratio of households with fraud in their case to investigators is 3,449:1; the equivalent of 57 years of cases for each investigator to investigate. That is simply the SNAP program and does not take into consideration SNAP trafficking, nor includes School Readiness investigations or occasional DCF employee fraud investigations.

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.

In FY 2014-15, the Division also experienced a significant number of retirements in addition to the normal departures it experiences. Over 42% of the investigative staff left or changed positions. That created an impact to the quantity of cases produced; the loss of experienced investigative and supervisory staff caused the reduction. That reduction in the number of investigative cases is slowly being reversed with new staff being trained and oriented to the Division's mission and the complexities of public assistance fraud investigations by new supervisors. However, the fewer cases completed did not translate into fewer dollars of fraud.

Through better case selection and continuing to focus on criminal cases, the amount of fraud referred for prosecution or recovery through administrative hearings increased by 2.4%.

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

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 2,640 full time equivalent positions and has 175 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 2014 – 2015, DFS/OFR/OIR has a total combined budget of \$326,972,778. DFS has 28 leases statewide for a total of 730,483 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.

Division of Administration: 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.

Division of Administration: 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, 2014, through June 30, 2015, the Treasury distributed earnings for the period of \$333.5 million. These earnings were up from the previous year's distribution of \$229.5 million. The increase was due to the improved economic conditions and increasing balances in the Treasury.

The Treasury was able to exceed its performance benchmark by .04% and .12% for the one and three year periods, respectively.

Bureau of Funds Management During the period July 1, 2014, through June 30, 2015, 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, 2014, through June 30, 2015, Treasury's Bureau of Collateral Management processed nearly 20,000 transactions involving collateral from a variety of regulated entities. Ninety-eight percent (98%) of these transactions were completed within the 3 day performance standard. This performance was slightly above the desired standard of 97%.

The percentage of qualified public depository financial analyses completed within 90 days was 100%. This matched the 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. 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 (RMIS). 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. For FY 2014-15, the Division produced approximately 77,000 checks.

Claim type	Number of claims reported FY 2014-15	Number of claims with payment FY 2014-15 (for claims reported in all years)	Total loss payments for FY 2014-15 (for claims reported in all years)
Workers' Compensation	11,898	15,657	\$106,521,458
General and Auto Liability	1,741	1,699	\$8,326,601
Federal Civil Rights & Employment Discrimination	404	995	\$6,483,824
Property	75	135	\$1,666,844
Total	14,118	18,486	\$122,998,727

Table 1-RM. Claims reported, claims with payment, and total loss payments by claim type for FY 2014-15. Claim data from RMIS; loss payments from FLAIR fund balance report.

The total loss payments for FY 2014-15 increased 6.2% or \$7,233,673 from the \$115,765,054 paid in FY 2013-14. Workers' Compensation loss payments increased by \$5,059,302, \$4.5M of

which is the result of increased claim settlements completed during FY 2014-15. 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 2014-15, total loss payments for federal civil rights claims increased slightly even though the number of reported claims decreased 6.3%, while total property loss payments increased \$1,525,753 due the occurrence of significant windstorm and flooding events during the fiscal year.

Operational costs have increased by 6.8% from \$56,148,214 in FY 2013-14 to \$59,978,418 in FY 2014-15 for a difference of \$3,830,204. The net increase was primarily in the areas of contracted services and contracted legal services.

To better manage and safeguard state resources, the Division has implemented 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 through improved contract management and oversight. 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. 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. The Unit has identified and updated 25 key data fields on over 20,000 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 20,223 locations, \$22.6 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.

During FY 2014-15, the Division worked 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 has received updated construction data on state-owned buildings. This data has been shared with state agencies and universities and will also be a factor when the excess property insurance broker of record markets the renewal.

The Division completed initial implementation of a new 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. Initial implementation was completed February 2015, with additional phases scheduled for FY 2015-16.

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 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 insureds.

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 FY2014-15, the Department became receiver of two insurers – a home warranty 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 2008-2009 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 2014-2015, the Bureau assisted and monitored 368,059 licensees with at least one active appointment and 210,165 licensees not required to be appointed or not holding an active appointment. The Bureau processed 115,935 new applications, and processed 1,705,434 appointment actions (new, renewals and terminations). There were 94,334 new licenses issued in Fiscal Year 2014-2015, producing a total of 578,224 active licensees who hold a total of 761,449 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 recently passed in Congress, NARAB II (National Association of Registered Agents & Brokers), will provide for federal regulation of non-resident agents and depending on how it's implemented could 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 40,046 examinations were administered in Fiscal Year 2014-2015. The Bureau also approves and monitors pre-licensing and continuing education providers, courses, and instructors. There were 370,176 individuals who completed pre-licensing and continuing education courses.

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

DIVISION OF LEGAL SERVICES

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 Unit reporting to the General Counsel. Now named the Public Records Unit (PRU), this unit coordinates multi-divisional requests, assists divisions with legal issues, trains Department employees on Florida's Public Records law, 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 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 is also working 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) provided information technology (IT) infrastructure and development. With FACTS, Floridians can scrutinize contract data for about 41,865 state contracts from more than 30 state agencies, images of the top five contracts from each state agency, data on purchase orders and grants.

Payments to vendors, which are not a part of FACTS, were also made available to the public in 2015 under the DFS transparency initiative. With this data, citizens can review the amounts that the State paid to businesses and which state agencies requested those payments.

In addition to continuing support and enhancements to FACTS, DIS will be expanding transparency in the upcoming years. More accounting data from the FLAIR is slated for public availability with the ultimate goal of making all accounting records available that are subject to the CFO's purview and public records law.

Means of accessing this data will improve as well through conformance with established standards for public sector data access. These standards include use of tools (like Application Program Interfaces) which will enable real time use of the data through citizen and corporate software on an ad hoc basis (without changing data in the state system), rather than downloading data to keep it synchronized.

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 has expanded the FACTS functionality to include images of all contracts and information associated with the grant agreements. The Department implemented a standardized statewide expenditure object code list and intends to implement a standardized statewide revenue object code list to improve statewide transparency reporting.

3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

OBJECTIVE 3A: Improve service to customers

DIVISION OF ADMINISTRATION

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 the services provided by HR. HR administers a comprehensive program that includes recruitment, staffing, career enhancement, talent planning, classification and pay, learning and development, 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 1,000 hiring appointments, 3,452 classification or organization changes, 2,014 performance reviews, and 117 employee/labor relations cases. The office currently employs 17 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.

Division of Administration: 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 6,000 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 fifth 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 fourth year of its Leadership Excellence (LEX) leadership development curriculum. 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.

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.

DIVISION OF INFORMATION SYSTEMS

Application Rationalization through a Comprehensive Inventory

In addition to delivering services like desktop and mobile computing, telecommunications and hardware platform support, DIS supports an estimated 341 customer software applications, some of which are over 30 years old. The substantial size of this list grew out of a series of reorganizations, market and statutory changes over DFS' long history. While these applications fulfill a variety of business requirements for DIS customers, there are similarities and even redundancies between them. Several applications for example, provide case management, licensing and tracking, many hold the same data pertaining to citizens and Florida businesses, and many use similar technical processes like scanning, document management and archiving. Still others support business functions that are no longer needed.

Since 2011, DIS has made a number of recent changes to improve its IT services and environment to help streamline these. For example, 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 a cohesive disaster recovery strategy to ensure business continuity, data integrity, and rapid recovery of all supported DFS applications, and eliminated several redundant systems. Over Fiscal Years 2013 through 2015, DIS consolidated three separate document management systems into one to bring greater efficiency, up-to-date technology and a more stable/robust support environment to seven customer divisions.

This last example is the kind of improvement that DIS intends to continue into the future. In order to further these improvements however, DIS must evaluate the portfolio of 341 customer applications and their supporting resources to identify more opportunities for consolidation and simplification. This will require establishing a comprehensive inventory of the software applications DIS supports to include enough information to target appropriate applications for elimination and/or consolidation, and modernization as well as improvements to processes and infrastructure so these opportunities and obligations can be identified and resources can be leveraged to make the changes. Inventory data will include customer needs for their applications, functional purpose, functional similarities, data dependencies, technology dependencies, current and future capacity requirements, obsolescence and viability conditions. Some of the contents and mechanisms for establishing that inventory is described below.

Service Management Software: DIS uses a services management software suite to manage, track and rout customer request and system maintenance tickets. But by enhancing the software configuration with automated application discovery to identify associated components and dependencies, the system can build and sustain an up-to-date inventory of hardware, software and network components. With the inventory in place, it can then monitor performance to find existing trouble spots faster, sometimes before they occur, and integrate these findings with tickets to save steps, improve accuracy and provide long term resource tracking. It will also minimize change risks by empowering DIS Change Advisory Board with trusted dependency data to evaluate change impact, restore service interruptions faster with more reliable resource tracking.

Combining this inventory with performance monitoring provided by the service management software and other tools, DIS will have access to up-to-date reports on how resources are used. This will allow better optimization, postponement of upgrades and greater shared use (i.e. "multi-tenant" applications on common hardware). Finally, these tools will identify the

relationships between systems, i.e. by showing which pieces of hardware support particular applications, which applications share databases and/or software code, etc.

This information will highlight opportunities to eliminate redundancy and reuse of resources.

Functionality Inventory: Service management software alone cannot identify opportunities for streamlining applications. DIS staff and its customers must develop a more comprehensive inventory of what these 341 applications do, assess their necessity and how they could change to meet business requirements. To these ends, DFS intends to enhance its Application and resource inventories with more information about their functionalities. Such information will include categorization by functionality type (case tracking, licensing, regulations, etc.), identification of data requirements and technical dependencies.

Resource Cost Assessment: As a technology service provider to the rest of the department, DIS effectively pools information technology resources. These resources are committed to the priorities of DIS' customers, the costs of which are currently assessed at a broad level. DIS is developing a resource allocation process that will use the inventory data mentioned above, staff time reporting, system metering and expenditures to identify costs at a more detailed level. This information will provide management with better information for targeting systems and comparing options (including cloud computing and commercial off-the-shelf applications).

Targets for Streamlining: From the information provided through the processes described above, applications can be targeted for consolidation and/or elimination. Streamlining has already been implemented for some applications where opportunities were more apparent, and those efforts continue today.

DIS expects to find more such opportunities to reduce the 341 specialized applications to a smaller number of modernized and integrated systems. Information collected through the processes described here about functionality, costs, system modernity, sustainability and effectiveness of existing systems will be the basis for determining how systems will be consolidated or replaced.

The result should deliver an overall IT environment that is easier to maintain and should deliver the best-of-breed functionality while continuing to deliver ever greater automation.

Florida PALM Support

The Florida PALM project is perhaps a large-scale example of application streamlining and modernization. DIS will have a continuing role in supporting the Florida PALM project throughout development and after it becomes a production system. This also means continuing to provide support of FLAIR (representing almost half of the DIS budget), the legacy system it is replacing and helping to transfer FLAIR functionality and data to the new system.

Systems Security

As the world has become more interconnected, security threats to private and public sector data are growing and breaches are more common. DIS understands that its customer data is of no less interest to potential intruders, their means of intruding are constantly changing and all IT resources using Internet technologies have vulnerabilities. Thus, DIS has ongoing initiatives to adapt and harden security through both technical changes to IT environments and security policies followed by customers and staff. While these initiatives are varied, they are all geared

towards a) reducing the number of places where data could be exposed and b) reducing the number of ways to intrude (i.e. “attack vectors”).

Performance

The criteria for general IT operations and the operational improvements described here will continue to use measures for up-time performance and customer satisfaction.

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 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, Certificates of Completion, and 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 60,000 firefighters in over 530 fire service providers in Florida. We also provide curriculum support, administrative and regulatory authority and certification testing for 40 certified fire training centers which provide firefighter minimum standards 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. The Fire College delivers approximately 300 class offerings annually on campus or at other locations throughout the state.

In FY 14-15, the Fire College delivered training to over 8000 students both on campus and at other locations. The Bureau measures student outcomes by recording feedback from supervisors of students who have taken classes at the Fire College. The most recent year found that over 80% of supervisors rated the educational experience of their personnel to be above a satisfactory rating.

The following table summarizes the total number of class offerings, student contact hours, and number of students trained over the past five fiscal years through the Florida State Fire College.

	Number of Class Offerings	Number of Student Contact Hours	Number of Students Trained
FY10-11	368	281,488	9085
FY11-12	352	261,035	8562
FY12-13	365	226,267	8152
FY13-14	289	173,508	6786
FY14-15	325	203841	8349
Total Since Jan. 2011	1699	1034288	40934

Health and Safety

The Bureau is responsible to manage the Florida Firefighters Occupational Safety and Health Act. The Bureau of Fire Standards and Training 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 other stakeholders by providing guidance, resources, and education to reduce the incidence of firefighter accidents, diseases, and fatalities. The Bureau conducts firefighter safety assessments, investigations and inspections to meet this goal.

The Bureau is involved in firefighter safety initiatives, including participation in firefighter safety studies to identify causes of accidents and injuries. Research includes correlating firefighter line-of-duty deaths with failure to follow best safety practices. The Bureau participates in this study with the goal to use outcome data to study preventive strategies.

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 2015, 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 2015, 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 six (6) positions that provide targeted training and consultation in the development and maintenance of comprehensive loss prevention programs to all state agencies, state universities, and other insured entities. For FY2014-15, the number of reported occupational injuries (workers' compensation claims) per 100 full-time employees is 6.03, which is consistent with the prior year.

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. Two (2) 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 77% 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 an online portal on the Division's website.

The Division is also exploring additional opportunities to broaden the amount of information that is available to consumers by creating a Consumer Complaint Information Module on the Division's website. The module will allow consumers to review actual insurance complaints filed with the Division and the resolution of the complaints, including monetary recovery amounts and the company's response. Consumers will also be able to obtain complaint data for all insurance companies by insurance type. It is the Division's goal that this information will further empower and assist consumers in making informed insurance and financial decisions.

The Division is responsible for reporting potential regulatory violations to the appropriate regulators. From July 2014 to June 2015, the Division sent 930 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 issues 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.

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

A new edition of the Hospital Reimbursement Manual went into effect on January 1, 2015. Reimbursement amounts were updated to reflect more recent cost and payment data for inpatient and outpatient services. The DWC was successful in implementing a methodology for determining a usual and customary charge for outpatient procedures. The resulting maximum reimbursement allowances for 2/3 of outpatient procedures have provided payment predictability, while minimizing overall costs to employers. In fact, the new edition of the Hospital Reimbursement Manual generated a cost savings of \$26 million for Florida's employers.

A new edition of the Ambulatory Surgical Center Reimbursement Manual will become effective on January 1, 2016. The new edition will have an expanded number of procedures that are subject to maximum reimbursement allowances and incorporates a new methodology for calculating these allowances. The result is a cost savings of \$3 million for Florida's employers.

The DWC has become more sophisticated in using internal and external data to help identify potentially non-compliant employers. The DWC continues its 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.

The Division collects quarterly assessment payments from workers' compensation insurers for both the Special Disability Trust Fund and the Workers' Compensation Trust Fund. In January, 2015, the Division launched an on-line system for insurers to report premium, generate their assessment invoices and monitor all transactions on-line. The system implements features that improve the timeliness and accuracy of all assessment transaction while providing extensive internal controls to improve the recording and monitoring of all deposit information, and related credits and debits for each insurer.

Two 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 *Marvin Castellanos v. Next Door Company/Amerisure Insurance Co.*, the Supreme Court will consider the constitutionality of the limits placed on attorney fees.

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 2014-15, the division's budget was \$18.7 million. In contrast the Division requested \$38.1 million and secured \$51 million in court ordered restitution, accounting for no less than \$2.73 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, identity theft, and working without insurance coverage cases. These cases generally account 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 Family Foundations, a comprehensive online financial literacy and education initiative to provide Hispanic Floridians and their families with important personal financial information related to banking, credit and saving. The Division also launched Serve, Save, Succeed, a component of the Financial Frontlines website, which serves as a resource and community forum for current and former military servicemembers and their families on financial-related topics. The information on the site addresses the top financial

challenges facing military personnel such as saving and budgeting; transitioning and adjusting to civilian life; disability challenges; the availability and quality of health care; unemployment and homelessness.

Through the Division's Operation S.A.F.E. Program, launched in April of 2013, Florida's seniors are provided with the information they need to make informed financial decisions and to protect themselves from financial fraud, scams and identity theft. Seventy-five Be Scam Smart Workshops have been held statewide and approximately 67,000 seniors have been educated on how to protect themselves from becoming a victim of financial exploitation through Operation S.A.F.E. and the Division's other senior outreach initiatives.

The Division is also currently developing new financial literacy and educational programs for middle and high school students, persons with developmental disabilities and survivors of domestic violence.

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 27 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

Property and Casualty Insurance Fraud Task Force. The Property and Casualty Task Force was created by the Florida Department of Financial Services in 2010. The mission of the Task Force is to reduce, deter or eliminate Property and Casualty Insurance Fraud, including but not limited to homeowners, apartment, rental dwelling, condominium, boat, commercial, personal articles and church insurance. 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.

PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

Florida PALM project. The State of Florida's current accounting and cash management systems have been performing the State's accounting and financial management functions for thirty years. Although they have been maintained and modified over the years to accommodate state and federal mandates, the systems are becoming increasingly unable to meet the State's changing and growing needs.

A 2013 study affirmed our concerns and recommended replacing FLAIR and CMS with a single, integrated Enterprise Resource Planning (ERP) solution. In 2014, the Legislature wisely appropriated funds to ensure there are dedicated staff and a solid plan in place to usher in this complex system transition. These efforts, formerly called the FLAIR and CMS Replacement (FCR) Project, have been recently rebranded as *Florida PALM*. PALM is an acronym for Planning, Accounting, and Ledger Management, which speaks to the broader functionality of our state's new system.

The goals of implementing an ERP in the State of Florida are to:

- Reduce the state's risk exposure by harnessing modern financial management technology built on the premises of scalability, flexibility, and maintainability
- Improve state and agency specific decision making by capturing a consistent and an expandable set of data
- Improve the state's financial management capabilities to enable more accurate oversight of budget and cash demands today and in the future
- Improve productivity, reduce operational complexity and increase internal controls by enabling standardization and automation of business processes within and between DFS and 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. In Fiscal Year 2014-15, a total of 70,000 state contracts and 45,000 contract images were available online.

In 2015, the U.S. Public Interest Research Group (PIRG) ranked Florida third in the nation for transparency. PIRG’s *2015 Following the Money* Report gave Florida an “A”, up from a “D” in 2012, citing FACTS and significant improvement in transparency as primary factors in ranking Florida at its highest ever score. 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.

Transparency Florida Act User Experience Task Force (UETF). Chapter 2013-54, Law of Florida created the Transparency Florida Act User Experience Task Force (UETF). The primary mission of the Task Force was to, “develop and recommend 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.

The UETF conducted nine open meetings between September 2013 and February 2014 to develop the work plan and recommendation. The UETF delivered the work plan on September 30, 2013, and delivered its final recommendation on February 26, 2014.

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 Fiscal Year 2012-13 found that 56 percent of state contracts had one or more deficiencies. However, the recent audit of Fiscal Year 2014-15 contracts found

that the number of deficient contracts declined to 36 percent, down from 42 percent in Fiscal Year 2013-14, and a 19 percentage point improvement within two fiscal years.

These improvements follow reforms 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 2011, the Department of Financial Services has trained more than 9,300 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.

REDUCE REGULATORY BURDENS

Regulatory Reviews. The Department of Financial Services completed an internal regulatory review of all Department rules and major programs administered at the division level within the Department. Under the supervision of the General Counsel, 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 are conducted similar to a program audit.

In Fiscal Year 2014-15, the Department completed examination of 1,426 rules, which resulted in 49 repeals and several amendments. These repeals and amendments have eliminated rules that were duplicative and an unnecessary burden on business.

Operation Dispatch. The Department of Financial Services announced the "Operation Dispatch" initiative in May 2015. Operation Dispatch streamlines the process for military firefighters to become certified in Florida by granting credit for military fire-service training, reducing unnecessary hurdles for those who have honorably served our country as firefighters to transition into careers as Florida-certified firefighters. Designed to attract military service members and veterans to Florida, Operation Dispatch cuts out redundant training so military-trained firefighters take 40 hours of training specific to Florida standards.

Through partnerships forged with the Florida Departments of Veterans' and Military Affairs, Operation Dispatch reduces the costs associated with the Florida-specific training and testing to military firefighters. The program also allows participants to take the certification exam in a more timely fashion than the regularly-scheduled quarterly administrations, which upon successful completion helps newly-certified firefighters enter Florida's workforce faster.

HELP CONSUMERS

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.

Our department offers a variety of resources and interactive tools on our website to help students, seniors, veterans, and families manage their finances responsibly and plan for their futures.

As part of these efforts during Fiscal Year 2014-15:

- 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.
- CFO Atwater launched Family Foundations - Building A Strong Financial Future, a comprehensive online financial literacy education initiative to provide Hispanic Floridians and their families with important personal financial information.
- CFO Atwater launched Serve Save Succeed, an online collaborative community for military service members and their families featuring open discussions and interactive resources on personal financial management.
- 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.

Operation S.A.F.E. – Stop Adult Financial Exploitation. As part of the Department’s ongoing “On Guard for Seniors” program, the Department’s Division of Consumer Services hosts Operation S.A.F.E. workshops to educate Florida seniors about financial planning and protection. Since 2011, the Department has hosted 75 Operation S.A.F.E. workshops throughout Florida and educated more than 67,000 seniors through its various senior outreach initiatives.

Homeowner Claims Bill of Rights. 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. The Homeowner Claims Bill of Rights (Chapter 2014-86, LOF) went into effect on October 1, 2014.



Department of Financial Services

Performance Measures and Standards – LRPP Exhibit II

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER

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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Administrative costs as a percent of total agency costs	5.00%	4.19%	5.00%	5.00%
Administrative positions as a percent of total agency positions	6.00%	5.11%	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%	N/A	90.00%	Request Deletion
Percentage of Appointment (hiring) Packages Processed Within the 5-Day Time Standard	97.00%	90.72%	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percent of closed files involving allegations of statutory violation that were successfully prosecuted	92%	92%	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Information technology costs as a percent of total agency cost	4.21%	6.95%	4.21%	Delete Measure
Information technology positions as a percent of total agency positions	3.33%	5.81%	3.33%	Delete Measure
New Measure: Establish a comprehensive functional inventory of Department software applications.	N/A	N/A	N/A	New Measure 69
Percent of scheduled hours computer and network are available	99.95%	99.93%	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%	n/a	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of referred cases responded to and/or transferred within 10 days of receipt.	90%	90%	90%	90%
Percentage of rate filings subject to public hearing which were reviewed by our office.	95%	95%	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percent of scheduled hours computer and network is available	99%	100.00%	99%	99%

* The FLAIR mainframe and network experienced no outages during the FY

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER

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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
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%	98%	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.	0.2%	0.12%	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of state employees participation in the State Deferred Compensation Plan	40.0%	40.0%	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Number of agencies audited for Contract/Grant Managers performance	12	8	12	Adjust Standard 8
Percentage of Office of Fiscal Integrity investigations that result in action	50%	59%	50%	50%
Number of contracts reviewed	1,100	1,150	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Number / dollar value of owner accounts processed.	1 million / \$225 million	2 million / \$481 million	1 million / \$225 million	1 million / \$225 million
Number of claims paid / dollar value of claims paid.	250,000 / \$150 million	388,323 / \$253 million	250,000 / \$150 million	250,000 / \$150 million
Percentage of claims processed within 60 days from date received (cumulative total).	60%	99%	60%	60%
Number of new holders reporting unclaimed property in the fiscal year	2,000	2,459	2,000	2,000

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER

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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of mandated regulatory inspections completed	100%	100%	100%	100%
Number of regulatory inspections completed	1,000	1,252	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	7,182	8,000	8,000

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER

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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of referrals declined by State Attorney's Office for prosecution	10%	7%	10%	10%
Percentage of arson cases cleared	20%	27%	20%	20%
Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	77%	80%	80%
Percent of closed arson investigations for which an arrest was made in Florida	18%	28%	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Number of students trained and classroom contact hours provided by the Florida State Fire College	5,500/175,000	8,349/203,753	5,500/175,000	5,500/175,000
Percentage of Fire College students passing certification exam on first attempt	75%	89%	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Administrative costs as a percentage of program agency costs	5.70%	5.70%	5.70%	5.70%
Administrative positions as a percentage of total program positions	3.40%	3.40%	3.40%	3.40%
The number of items analyzed chemically plus the number of imaging items processed.	13,650	11,637	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Revise Measure: Average operational cost per claim worked-TO: Average loss adjustment expense per claim worked	\$2,016	\$2,392	\$2,016	Adjust Standard \$1,850
Average cost of workers' compensation claims paid	\$6,500	\$6,951	\$6,500	\$6,500
Percentage of liability claims closed in relation to liability claims worked during the fiscal year	49%	51%	49%	49%
Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, F.A.C.	95%	95%	95%	95%
Number of workers' compensation claims worked	22,000	21,066	22,000	22,000
Number of liability claims worked	4,869	4,363	4,869	Adjust Standard 4,250
Number of state property loss/damage claims worked	120	168	120	120
Percentage of tort liability claim files resolved within four (4) years without litigation	81%	79%	81%	81%
Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)	80	1228	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of appraised value of assets liquidated for real property	90.00%	105.01%	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%	96.48%	80.00%	90.00%

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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Cost of Licensing Operations per active license.	\$4.83	\$3.31	\$4.83	Adjust Standard \$3.25
Revise Measure: Average Direct Cost of Investigation Operations per completed investigation.	\$1,470	\$1,277.20	\$1,470	Adjust Standard \$1,275
Percentage of licensees disciplined for a practice violation within the past 12 months	0.070%	0.058%	0.070%	Delete Measure
Revise Measure: Average number of investigations completed per investigator	71.3	87.3	71.3	Adjust Standard 88
Average number of applications processed per licensing FTE	2,647	3,424.2	2,647	Adjust Standard 3,450

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER

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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	75%	83%	75%	75%
Number of insurance fraud arrests (not including workers' compensation cases)	952	768	952	852 Adjust Standard
Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	276	548	276	372 Adjust Standard
Revise Measure: Number of cases presented presentations submitted for prosecution	1,260	1,590	1,260	1,320 Adjust Standard
Court ordered restitution as a percentage of requested restitution.	70%	134%	70%	70%
Requested restitution as a percentage of annual appropriated budget.	200%	204%	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of helpline call and service request audits that result in quality service	90%	95%	90%	Adjust Standard 92%
Revise Measure: Percentage of consumer survey responses that rate the Division's services as acceptable, very good or excellent	75%	81%	75%	Adjust Standard 78%
Revise Measure: Percentage of answered phone calls that are answered within four minutes	80%	88%	80%	Adjust Standard 85%
Percentage of monetary eligible service requests that result in a recovery	85%	87%	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

Approved Performance Measures for FY 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of investigations submitted by legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	98%	100.00%	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	35	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget	300%	979%	300%	300%
Number of completed cases resulting in referral for disqualification or prosecution	3,000	2,198	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 2015-16 (Words)	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Approved Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
Percentage of first indemnity payments made timely	95%	95.0%	95%	95%
Number of employer investigations conducted	30,500	34,282	30,500	Adjust Standard 32,000
Percentage of disputes resolved for injured workers by the Employee Assistance Office	85%	93%	85%	Adjust Standard 90%
Number of Petitions for Reimbursement Dispute Resolution resolved	6,203	8,858	6,203	Adjust Standard 10,500
Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	79%	78%	79%	79%
Average number of Workers' Compensation employer investigations completed monthly	61	64	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: 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:

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

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

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

Recommending deletion of measure as the Division will no longer be utilizing the survey as a metric due to the subjective nature of the tool. The Division will continue to solicit customer feedback and address as appropriate.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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:

- | | |
|--|--|
| <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
97%	91%	6	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 checked="" type="checkbox"/> Other (Identify) |

Explanation:

Staff attendance issues.

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:

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%	100%	+8%	8.7%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: The Division 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: Information technology costs as a percentage of total agency cost

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4.21%	6.95%	+2.74%	+65%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Recent increases resulted from purposeful efforts to consolidate IT resources and initiatives under DIS to achieve improved efficiency and effectiveness. However, this runs counter to the stated goal thus the reason DIS is requesting deletion of this measure.

This measure is inconsistent with DIS best practices and DFS' intent, which means that fulfilling the measure can actually be the cause of inefficiency. Economies of scale are achieved and better expertise is available through specialization. This requires that most IT resources are centrally managed and deep IT experience is brought to bear on IT projects. Thus, IT resources must be shifted from disseminated groups into DIS, which means DIS' budget actually grows as a ratio to DFS as a whole (rather than shrink as proposed by the current measure). And concentrating IT resources has in fact been DFS approach for some time.

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input 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:

Resources have been shifted from DIS customers into DIS.

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:

Create new measure to comport with consolidation and streamlining efforts.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Information technology positions as a percentage of total agency positions

Action:

- | | |
|---|--|
| <input 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
3.33%	5.81%	1.75%	52.6%

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:

Recent increases resulted from purposeful efforts to consolidate IT resources and initiatives under DIS to achieve improved efficiency and effectiveness. However, this runs counter to the stated goal thus the reason DIS is requesting deletion of this measure.

This measure is inconsistent with DIS best practices and DFS' intent, which means that fulfilling the measure can actually be the cause of inefficiency. Economies of scale are achieved and better expertise is available through specialization. This requires that most IT resources are centrally managed and deep IT experience is brought to bear on IT projects. Thus, IT resources must be shifted from disseminated groups into DIS, which means DIS' budget actually grows as a ratio to DFS as a whole (rather than shrink as proposed by the current measure). And concentrating IT resources has in fact been DFS approach for some time.

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input 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:

Resources have been shifted from DIS customers into DIS.

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:

Create new measure to comport with consolidation and streamlining efforts.

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
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:

Survey tools became unavailable.

External Factors (check all that apply):

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

Explanation:

Centralized surveys are no longer being performed.

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:

DIS intends to establish new survey methods through its ticketing system.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
8	9	+1	12.5%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: Audit team continued to have vacancies during Fiscal Year 14-15.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
50%	59%	+9%	18%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

OFI investigators have focused their attention on the initial intake of cases, ensuring that time is spent on cases most likely to result in action against target.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

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	1,150	+50	4.5%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Staff hired in FY13/14 have now become more experienced in this task, which has allowed the Bureau to exceed this standard.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

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 million / \$481 million	+1 million / +\$256 million	+100% / +145%

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

Recommendations:

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	388,323 / \$253 million	+138,323 / +\$103 million	+56% / +69%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Advances in technology and increased media interest have increased the exposure of the unclaimed property program, causing a dramatic increase in the number and dollar value of claims paid.

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: 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%	99%	+39%	+65%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Staff turnover in the Claims section was very low during FY14/15. This experienced staff was able to process claims in a very timely turnaround time.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2,000	2,459	+459	+23%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

The Department has continued its outreach efforts across the state, and added additional contract auditors. This has resulted in a higher than estimated number of new holders reporting unclaimed property.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of mandated regulatory inspections completed

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1000	1252	252	25.2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

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

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: State Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

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

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
8,000	7182	-818	-10.2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation:

Data for this measure is recorded as applicant detail and taken from each application received. The data is entered into the Regulatory Licensing System (RLS). Data produced provides the following detail:

- The number of applications received within a month.
- The number of licenses issued by the Regulatory Licensing Staff within a month.
- The number of renewals issued within a month.
- The number of denials issued within a month.

Moreover, data for this measure will fluctuate from fiscal year to fiscal year. Chapter 633, Florida Statutes, provides that the five classifications of fire protection system contractors shall be required to renew their licenses on a two year cycle. Fire Equipment Dealers and Permit holders renew their authorities on a two year cycle as well.

As the number of licenses processed varies from month to month, the measurement of licenses processed within the statutorily mandated time frame must be calculated by determining the number of licenses issued, denied, or renewed within a month as RLS

does not have the functionality to determine whether an application was processed within the statutorily mandated time frames.

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

Training

Technology

Personnel

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: Percent of referrals declined by State Attorney's 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%	7.6%	-2.4%	-24%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input 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: N/A

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

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

Recommendations: 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%	27.4%	+7.4%	+13.7%

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: N/A

External Factors (check all that apply):

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

Explanation: N/A

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

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input 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%	28.2%	+10.2%	56.7%

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: 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: N/A

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

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

Recommendations: 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 Contract 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	8349/203,753	+2849/+28753	+51.8%/+16.4%

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 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 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: 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%	89.0%	+14.0%	18.7%

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

Explanation:

External Factors (check all that apply):

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

Explanation: 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	11,637	-2013	-14.7%

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:

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 submission 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	\$2,392	\$376	18.7%

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:

Actual performance results are calculated by dividing the sum of operating expenditure categories by the number of claims worked. For FY14-15, operating expenses increased by 6.8% and the number of claims worked increased by 2.4%. Operating costs increased \$3.8M, particularly in the area of contracted legal services.

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:

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 in the calculated average operational cost per claim conforming to industry standards, and a revision to the approved standard of **\$2,016 to \$1,850** is being requested for FY2016-17. This request is based upon the Exhibit IV change in measurement methodologies and trend analysis of previous cost data modified to reflect those changes in measurement methodologies.

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	\$6,951	\$451	6.9%

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

Explanation: This measure calculates the average cost of claims after four (4) years of claim development. For the first three (3) years of the four (4) year development, 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.

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: A new medical case management vendor was procured in 2013 with services implemented January 1, 2014. The new medical case manager authorizes and processed 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 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
22,000	21,066	(934)	(4.2%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

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. The number of reported claims has decreased in the last five fiscal years from 14,374 new claims in FY 2010-2011 to 11,900 new claims in FY 2014-2015. The reduction of new claims reported has a significant impact on the number of claims worked.

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: Financial Services

Program: State Property and Casualty Claims Program

Service/Budget Entity: State Self-Insured Claims Adjustment

Measure: Number of Liability Claims Worked

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4,869	4,363	(506)	(10%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

The 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.

As noted above we have little control over this measure but we are recommending this measure be **decreased to 4,250** 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 Division 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):

- Training
 Personnel

- Technology
 Other (Identify)

Recommendations:

As noted above, the Division 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 Division strives to reduce the number of pending cases which reduces the number of claims worked, as this tends to reduce the number of claims on hand at the beginning of the fiscal year (pending). This measure provides valuable information to management about the amount of worked performed. We will continue to do our best to request realistic standards and meet the approved standards.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: State Property and Casualty Claims Program

Service/Budget Entity: State Self-Insured Claims Adjustment

Measure: Number of state property loss/damage claims worked

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
120	168	48	40%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input 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 Division's Property Section. The Division 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 10 years since we have had a major windstorm or other event in Florida that has produced a large number of claims. 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 14/15 is that we experienced two fairly significant flooding events. We also had a large tornado loss at a DOC prison that caused a spike in this year's totals. These events account for the +48 claims over the standard of 120 in FY 14/15 and increased the number of claims worked to 168. 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 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	1,228	1,148	1435%

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 is the second year this measure has been reported and fluctuations are attributed to the continued development of the training program.

External Factors (check all that apply):

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

Explanation:

The majority (1,113) of the training events reported originated from a one-time training agreement to provide a series of specialized trainings to DCF Child Protective Investigators; this agreement will not be repeated. Without this event, the number of training and consulting units decreases to 115.

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:

Due to the ongoing development of the training program, the Division recommends maintaining this standard and will continue to monitor the measure throughout FY2015-2016.

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%	105.01%	OVER	15.01%

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 Division has performed above our approved standard for this measure. The validity of the measure is strongly dependent on the accuracy of the appraisal and market conditions upon sale. 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	25%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

- | | |
|---|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input 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 Division has performed above our approved standard for this measure. The validity of the measure is strongly dependent on the accuracy of the appraisal and market conditions upon sale. 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 appraised 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%	96.48%	OVER	16.48%

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 Division has performed above our approved standard for this measure. We strive to consistently reach and even exceed the standard for this performance measure.

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: 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	\$3.31	-\$1.52	37.3%

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 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 active licenses continues to steadily increase. 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 \$3.25 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: Cost of Investigation Operations per completed investigation

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
\$1,470	\$1,277	-\$193	13%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Due to technological advances being made, staff has been able to complete more investigations, resulting in a lower cost per completed investigation.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

As we continue to improve our technology resources, we expect this trend to continue.
Therefore, we request that the target be amended to \$1,275.

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%	0.058%	-0.012%	18.75%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input 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 or declined for three 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 investigations per investigator

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
71.3	87.3	+16	20.2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Due to technological advances being made, staff has been able to complete investigations more efficiently.

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:

As we continue to provide better guidance to licensees through our newsletter and website, we have seen a reduction in the number of practice violations committed by licensees. Investigations related to practice violations take more time than routine violations.

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:

As we continue to improve our investigations technology, and our communication with licensees, we expect this trend to continue. **We request to update the target to 88 investigations completed per investigator.**

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 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
2,647	3,424	+777	29.4%

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:

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.

We request to revise the standard to 3,450 applications per Licensing FTE.

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%	83%	+8	10%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: Better triage of tips resulted in better cases opened for more effective use by detectives.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations: Monitor closely to determine if trend develops and if so make appropriate adjustments.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Number of insurance fraud arrests (not including workers' compensation arrests)

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
952	768	-184	19.3%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: It is difficult to project the crime trends and to determine the period necessary to close a case with an arrest.

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: Adjustments have been recommended to the standards. Careful monitoring will be continued to determine if additional adjustments are needed.

Requesting revised standard of 852.

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 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
276	548	+272	98.5%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: Three new Workers' Compensation detectives were added to the staff last 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations: Adjustments were made to the standards. Continued monitoring will determine if additional adjustments are needed.

Requesting revised standard of 372.

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 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
1260	1590	+330	26.2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

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: Significant increase in 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: Adjustments were made to the standards. Continued monitoring will determine if additional adjustments are needed.

Requesting revised standard of 1,320.

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%	134%	+64	91.4%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: See explanation for external factors.

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: Restitution is subject to court awards. Cases may be several years old by time they are resolved by the judicial system, so court ordered restitution as compared to requested restitution in the same year may not be legitimately related. This makes projections very difficult.

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 continually monitor for developing trends and adjust if the actual results compared with the approved standards continue to be considerably different.

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 helpline call and service request audits that result in quality service

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	95%	5 Over	+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 checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

The Division has implemented an internal audit program to measure the level of quality service provided via helpline calls and service requests. Auditors are required to notify the supervisors of all below-threshold audits and the supervisors are required to review the audit with the specialist and provide immediate guidance and feedback. During FY 2013/2014, 92% of helpline calls and service requests resulted in quality service. During FY 2014/2015, the upward trend continued with 95% of helpline calls and service requests resulting in 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 checked="" type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

Requesting to adjust standard to 92%.

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%	81%	6 Over	+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:

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 2014-2015, 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations:

Requesting to adjust standard to 78%.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%	88%	8 Over	+8%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

The Division implemented new call center messaging and added temporary call center staff which improved the Division's level of responsiveness. During the last 3 months of FY 2014-2015, the Division experienced a 17% turnover rate amongst its Call Center staff which could directly impact the Division's level of responsiveness during FY 2015-2016. Regardless, the Division believes a standard above 80% can be achieved consistently.

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:

Requesting to adjust standard to 85%.

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 monetary eligible service requests that resulted in a recovery

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%	87%	2 Over	+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:

The Division's internal audit program measures the level of quality service provided via helpline calls and service requests. The Audit Program ensures that each service request results in the highest level of consumer advocacy, which oftentimes results in a monetary recovery for the consumer.

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 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	34 days	+ 31 days	52%

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 underestimated what would be the best case scenario. The previous estimate will have to be corrected.

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:

Continue to monitor results and consider change of standard in the future.

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%	81%	+7%	8%

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 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 one or two 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: We will endeavor to give this performance more of a priority within the upcoming 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%	979%	+679%	+226.3%

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: Shift of Investigative Focus

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: Continued examination of investigative focus and areas of opportunity

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	2198	-802	26.73%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: 40% turnover in staff

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

Recommendations: As new investigators become more experienced, difference between approved standard and actual performance should decrease

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 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
30,500	34,282	+3,782	+12%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: Process improvements have created efficiencies in Compliance processes and have allowed the investigators additional time to work in the 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations:

Requesting revised standard of 32,000.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	92.54%	Over	8.9%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: 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. As a result of better training and high level of staff commitment we achieved a resolution rate of 92.54% . We are requesting a change to 90% 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations:

Requesting revised standard of 90%.

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 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
6,203	8,858	+2,655	42.8%

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:

Although we resolved more petitions than the approved standard, this is still below the number of petitions resolved during fiscal year 13/14. For fiscal year 14/15, we hired additional OPS staff and made a few changes in our career service personnel. During fiscal year 14/15, we developed a new application called ARAMIS.net which has functions that will reduce the time to resolve petitions. We anticipate a positive impact from its use.

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:

None.

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:

Increase is expected. **Requesting revised standard of 10,500.**

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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:

- | | |
|---|--|
| <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
61	64	+3	+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: Process improvement has increased efficiency and allowed investigators more time for field 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:



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 deletion of measure.

- 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 deletion of measure.

- 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 deletion of measure.

- 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: Establish a comprehensive functional inventory of Department software applications.

Action (check one):

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

Data Sources and Methodology:

DIS will broaden an existing list of 341 software applications to establish a comprehensive functional inventory that will include sufficient data to target appropriate applications for elimination and/or consolidation, and modernization. This data includes customer needs for the applications, functional purpose, functional similarities, data dependencies, technology dependencies, current and future capacity requirements, obsolescence and viability conditions.

Validity:

DIS is seeking to establish a measure that will lead to reductions in duplicative and disintegrated systems.

DIS now supports 341 software applications. Despite the fact that many perform similar functions, and have common infrastructure and data requirements, they require specialized support. Some were inherited through reorganizations, others evolved from (what was perceived as) specialized needs while still others have not been modernized to leverage integration opportunities.

Reliability:

DIS' ability to perform is inversely related to the workload and complexity that comes from supporting a large number of software applications, particularly when those applications duplicate functionality. And as described in the Trends and Conditions statement, DIS intends to implement a series of business practice improvements in order to achieve this goal. These practices alone in service of the goal will actually improve DIS performance. However, with the reduction of supported applications that should come from these practices, DIS will benefit from simplification of its work requirements and environment, and performance of the remaining customer applications will improve through more focused attention.

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):

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

Data Sources and Methodology: : Section 112.215, F.S., designates that the Bureau of Deferred Compensation (BODC) is responsible for administering the Internal Revenue Code 457(b) Plan. The BODC must make available to all state employees the most secure, well diversified and proficiently administered voluntary supplemental retirement plan available under Section 457 of the Internal Revenue Code.

Individuals qualified to participate in the State Deferred Compensation Plan is any person, whether appointed, elected, or under contract, providing services for the state; any state agency or county or other political subdivision of the state; any municipality; any state university board of trustees; or any constitutional county officer under s. 1(d), Art. VIII of the State Constitution for which compensation or statutory fees are paid. The percentage of State employees participating in the Plan in this measure is for state employees (not including county or other political subdivision of the state; any municipality; any state university board of trustees; or any constitutional county officer).

The percentage of State employees participating in the Deferred Compensation Plan is calculated by: the average number of State employees with an account balance in the Plan during the fiscal year, divided by the average number of State employees in positions during the fiscal year.

Validity: This measure is the percentage of State employees participating in the Deferred Compensation Plan. The percentage of employees participating in the Plan is one indicator of the effectiveness of the Plan's communications program. The Plan is designed to give state employees a professionally managed savings program in a low cost and secure environment. State employees choose whether to contribute their salary dollars to the Plan in order to provide them with additional income in their retirement years.

Reliability: The State receives the number of state employees with an account balance in the Plan from its third party record keeper and the number of state employees in positions from Department of Management Services.

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 Manager 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 maintains an annual audit plan related to conducting Agency audits of contracts and contract management files. The Bureau selects a sample of the Agency's contracts, and evaluates the contract files for compliance with state law and CFO Memo. This measure assesses the amount of time taken to complete each Agency's audit. The Bureau has found that it takes six weeks to complete an audit comprised of conducting an entrance conference, performing field work, conducting an exit conference and issuing its findings in a letter to the Agency. Progress is monitored monthly, and the Bureau provides 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 documents and the 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 Agencies are being financially accountable for the expenditure of state funds.

The decrease in Agency audits performed from 12 to 8 is based on fluctuations in staffing levels and additional time needed to review findings with the Agency. The Audit Section has experienced a 20 to 50 percent vacancy rate over the past two years as well as seen the number of weeks to conduct an audit expanded from four to six weeks. Accordingly, the projected 12 agencies per year was not a realistically obtainable goal.

Reliability:

Fluctuations in Bureau staffing in this section may have an effect on the ability to meet the target for this measure. This measure is a straightforward measure, which reports the progress

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~~. To: Average loss adjustment expense per claim worked

Action (check one):

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

Data Sources and Methodology:

The procedure used to arrive at the average loss adjustment expense in relation to program claims worked is to divide operational cost categories considered loss adjustment expenses by the total number of claims worked.

Loss adjustment 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 which comprise the loss adjustment expense calculation will include:

Operational Categories

Salaries and benefits – 010000

Other personal services – 030000

Expenses – 040000 (~~minus annual DWC assessments~~)

Operating capital outlay – 060000

Contracted Services – 100777 (~~minus annual Broker of Record fees~~)

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 a non-operating category to the Contracted Services category 100777 and added to the selected operational categories for this measure. 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 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, at the request of the Legislature, attorney contracts moved from a non-operating category to the Contracted Legal Services category 100905 and added to the selected operational categories for this measure. Contracted Legal Services category 100905 was 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 measure's list of selected operational categories were Attorney General Fees & Expenses for category 100904 (\$6,302,284), Excess Insurance & Claim Service category 101221 (\$13,700,000), and Risk Management Insurance category 103241 (\$102,380).

In FY2011-2012, FY2012-2013, and FY2013-2014, these categories remain appropriated in the identified operating categories, resulting in a higher measured cost per claim worked. The standard for this measure was set at \$2,016 using FY2012-2013 data. For FY2012-2013 total measured costs of \$52,703,489 were 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 category 100907 distinguishes contracted medical service costs previously reported within the Contracted Services category 100777.

For the FY2014-2015 reporting period, the Division has proposed to change the measure title from average operational costs per claim worked to average loss adjustment expense per claim worked and removal of the Excess Insurance & Claim Service category 101221 from identified operational categories. These changes structure the measure according to industry terms and standard costs related to claims administration.

For FY2015-2016, the operating budget realigned spending authority to more accurately reflect the categories. Select items from the Excess Insurance & Claim Service category 101221 were transferred to the Expense category 040000, Contracted Services 100777, and the new Risk Management Information Claims System category 101222. A proposed change from FY2014-2015 removes the Excess Insurance & Claim Services 101221 category from this measure to better align with industry terms and standard costs. For the FY2015-2016 reporting period, the Division proposes to maintain the industry cost standard with a change to the measure that will reduce the Expense category 040000 and the Contract Services category 100777 by the amount of the annual DWC assessments and broker of records services cost respectively. Both the annual DWC assessments and broker of records services cost were previously budgeted under the Excess Insurance & Claim Services 101221 category. Conforming to industry standards, select operational categories for this measure will not include the Risk Management Information Claims System category 101221.

The Division is recommending a standard of \$1,850 based upon trend analysis of previous cost data modified to reflect the operational categories identified above for loss adjustment expense.

Validity:

The comparison of work activity to loss adjustment expense for an organization 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 operational categories identified for loss adjustment calculations relate 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 4L-24.021, F.A.C.~~ Rule 69L-24.006, F.A.C.

Action (check one): N/A Correct Rule reference error.

- 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. For purposes of this measure, liability claims includes general liability claims, auto liability claims, federal civil rights liability claims, employment liability claims, and court-awarded attorney fee liability claims.

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. 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 4,250 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 Bureau operational expenses during the current fiscal year.

Operational expenses are calculated by identifying the sum of expenditures directly attributable to the Bureau of Licensing (Flair Org # 43532000000) for Salary & Benefits (Object 10000), OPS (Object 30000), Expense (Object 40000), OCO (Object 60000), Contracted Services (Object 100777), Insurance (Object 103241), Lease/Purchase Equipment (Object 105281), and DMS HR Services (Object 107040) on a monthly basis. Indirect costs, such as services provided to the bureau by other areas of the department (Executive Direction, Legal Services, General Services, and Information Technology) are not used in this measure as they are wholly outside of the control of the Bureau. (The contract and budget allotment for certain 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). An active license is one which authorizes a person to be appointed to transact insurance or adjust claims for any kind, line, or class of insurance.

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 \$3.25 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: Average Direct Cost of Investigation Operations per completed investigation

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 Bureau of Investigations per completed investigation. An investigation results from the receipt of a complaint alleging a violation of law. The division is statutorily obligated to open an investigation on every complaint received. Investigations are completed when all the necessary facts of the issue are gathered and it is determined that probable cause exists or does not exist to proceed with formal administrative action. If probable cause exists, the investigation is handed over to the legal processing unit for regulatory action; when probable cause does not exist, the investigation is closed without further action or with a letter of guidance.

1. Get overall Bureau operational expenses during the current fiscal year. Operational expenses are calculated by identifying the sum of expenditures directly attributable to the Bureau of Investigation (Flair Org # 43531000000) for Salary & Benefits (Object 10000), OPS (Object 30000), Expense (Object 40000), OCO (Object 60000), Contracted Services (Object 100777), Insurance (Object 103241), Lease/Purchase Equipment (Object 105281), and DMS HR Services (Object 107040) on a monthly basis. Indirect costs, such as services provided to the bureau by other areas of the department (Executive Direction, Legal Services, General Services, and Information Technology) are not used in this measure as they are wholly outside of the control of the Bureau.
2. Divide the operational expense amount from Step 1 by the total number of completed investigations.

The overall operational expenses will come from the Division's budget information in the FLAIR system. The division receives a report monthly from Accounting & Auditing, which we save and enter into a spreadsheet to track operational expenses. The number of completed investigations will be pulled from the investigation database, BAAITS.

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. Procedures are in place to ensure that data is entered timely into BAAITS, and proper system access controls are in place to make sure that data cannot be manipulated by investigators or other users.

We request to revise the name of this measure to Average Direct Cost of Investigation Operations per completed investigation, and to revise the standard to \$1,275.

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 deletion of measure.**

- 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 **completed** per investigator

Action (check one):

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

Data Sources and Methodology:

This measure looks at the output of the Bureau of Investigations, measuring the average number of completed investigations per investigator.

An investigation results from the receipt of a complaint alleging a violation of law. The division is statutorily obligated to open an investigation on every complaint received. Investigations are completed when all the necessary facts of the issue are gathered and it is determined that probable cause exists or does not exist to proceed with formal administrative action. If probable cause exists, the investigation is handed over to the legal processing unit for regulatory action; when probable cause does not exist, the investigation is closed without further action or with a letter of guidance.

1. Get overall number of completed investigations from the investigation database, BAAITS.
2. We will then pull the number budgeted investigators from the agency budget. Currently, all investigator positions are assigned to the Field Operations Section of the Bureau of Investigations, and are classified as Insurance Analyst II or Government Analyst I.
3. We will then divide the number of investigations in Step 1 by the total number of investigators in step 2.

Validity:

This measure 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. Procedures are in place to ensure that data is entered timely into BAAITS, and proper system access controls are in place to make sure that data cannot be manipulated by investigators or other users.

We request to revise the name of this measure to Average number of investigations completed per investigator, and to revise the standard to 88.

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):

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

Data Sources and Methodology:

This measure will look at productivity within the Bureau of Licensing by looking at the average number of applications processed per full time employees. Applications are considered processed when they are approved, denied, or withdrawn. Several application types are included in this measure, and three Bureau of Licensing systems are used to collect the data.

Licensing systems:

- AALF is the external system where outside entities and individuals submit online applications for new licenses. AALF Admin is the internal face of this system that contains system reports that the division uses to track and count applications.
- ALIS is the division's internal licensing system that contains all records related to licensees, except continuing education information. This system is used by staff to process applications that have been submitted online or on paper.
- DICE is the division's system for all records related to pre-licensing and continuing education. This system is used by external individuals and entities to submit all education related applications, but also has an internal side used by staff to process all education related applications and manage records.

Application types included in this measure (data source):

- New license applications individuals and firms (AALF Admin, Application Count report, Service Type 1)
- New insurance agency applications (AALF Admin, Application Count report, Service Type 14)
- New license applications for license types that require paper applications (ALIS Application search, select Source=Paper)
- Education provider applications (DICE, Provider Application report, Status = Approved or Closed)
- School Official applications (DICE, Official Application report, Status = Approved or Closed)

- Instructor applications (DICE, Instructor Application report, Status = Approved or Closed)
- Course applications (DICE, Course Application report, Status = Approved or Closed)
- Course offering applications (DICE, Course Offering Application report, Status = Approved or Closed)

The application counts for all application types are pulled on a monthly basis and entered into a spreadsheet for tracking.

2. The number of budgeted FTEs for the Bureau of Licensing is pulled from the agency budget. All staff in the Bureau are involved in some portion of the licensing process.

3. We will then divide the number of applications in Step 1 by the total number of FTEs in step 2.

Validity:

This measure will help monitor the efficiency of our licensing operations to ensure we are properly utilizing resources.

Reliability:

All systems required to track this measure are deemed to be reliable. System reports and email notifications are in place to make sure that all applications submitted online are moved into the work queues for staff processing in a timely manner. Processes are in place to ensure that the data is pulled around the same time each month, and proper system access controls are in place to prohibit any data manipulation by staff.

We request to revise the standard to 3,450 applications per licensing FTE.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

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

Action (check one):

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

Data Sources and Methodology: COPSavers reports, from the ACISS database, are the source for data on the current measures. The calculation is completed by dividing the number of insurance fraud cases opened into the number of insurance fraud cases presented for prosecution.

Validity: Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

Reliability: The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Number of insurance fraud arrests (not including workers' compensation arrests)

Action (check one):

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

Data Sources and Methodology: COPSavers reports, from the ACISS database, are the source for data on the current measures. The base number of arrests is taken from the COPSavers reports.

Validity: Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

Reliability: The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered a national leader.

Requesting revised standard of 852.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Insurance Fraud/43500300

Measure: Number of workers' compensation insurance fraud arrests (not including general fraud arrests)

Action (check one):

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

Data Sources and Methodology: COPSavers reports, from the ACISS database, are the source for data on the current measures. The base number of arrests is taken from the COPSavers reports .

Validity: Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

Reliability: The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

Requesting revised standard of 372.

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 **presentations submitted** for prosecution

Action (check one):

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

Data Sources and Methodology: COPSavers reports, from the ACISS database, are the source for data on the current measures. This is just a raw number of the cases that are presented. There is no calculation necessary to determine this count.

Validity: Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

Reliability: The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

Requesting revised standard of 1,320.

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):

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

Data Sources and Methodology: COP Savers reports, from the ACISS database, are the source for data on the current measures. The calculation is completed by dividing the amount of requested restitution by the court ordered restitution.

Validity: Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

Reliability: The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

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):

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

Data Sources and Methodology: COPSavers, reports, from the ACISS database, are the source for data on the current measures. The calculation is completed by dividing the amount of requested restitution by the Division of Insurance Fraud's annual budget as listed in the general Appropriations Act for that current fiscal year.

Validity: Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

Reliability: The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

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

Action (check one):

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

Data Sources and Methodology:

This measure reflects the percent of activities performed by the Division staff that result in quality service to insurance and financial services consumers and is important in determining the Division's overall quality of service. An internal audit program was established to promote self-regulation by reviewing and measuring the quality of work produced by Division staff. The audit program enables the Division to place more emphasis on accountability and to ensure all critical information is identified, collected, evaluated, analyzed and disseminated as required. Random audits are conducted on requests for assistance and helpline calls. The audit evaluates the quality of information provided to the regulated entity and the consumer; the accuracy of the information provided; timeliness, accurate documentation of the file and written and oral communication.

The standard for providing quality service was established by the Division Management team and determined by reviewing the audit form and evaluating the minimum necessary actions needed to provide quality service. Audits are performed monthly by Division Supervisors and Team Leads. Each month, six helpline calls per Helpline Specialist are randomly audited while the calls are live. All live calls are available for auditing. Additionally, each month, four requests for assistance are randomly audited. Only those requests for assistance that are closed are eligible for audit to ensure that all actions on the file have concluded. In order to meet the standard of quality service as determined by the Division, a helpline audit must achieve 90% out of a maximum audit score of 100% and a request for assistance audit must achieve 85% out of a maximum audit score of 100%.

During FY 2013-2014, 93% of the Division's activities resulted in quality service. The upward trend continued in FY 2014-2015, during which 95% of the Division's activities resulted in quality service. In light of the upward trend, the Division proposes to revise the approved performance measure from 90% to 92%.

Validity:

The audit process was developed by the Division Management team and Division Auditors based upon the internal procedures designed to provide quality service to consumers. The percent of quality service provided is determined by the overall score

on the audits as detailed above. The number of calls and service requests resulting in quality service is determined by the number of helpline and service request audits that meet or exceed the Division's overall audit score. That number is then divided by the total number of audits conducted, resulting in the percentage of audits that result in quality service.

Reliability: The documentation of this process includes audit reports which are stored on a database and backed up nightly. Auditors are required to complete their audits and submit the completed audits into a Microsoft Access database. All auditors have access to the Microsoft Access Database.

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 consumer **survey** responses **that** rate the Division's services as **acceptable, very good or excellent**

Action (check one):

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

Data Sources and Methodology:

This measure reflects the percentage of consumer survey responses that indicates the consumer's satisfaction with the services provided by the Division when those consumers have contacted the Department for assistance with an insurance or financial services product as acceptable, very good or excellent.

Upon receipt of a request for assistance, the consumer's contact information and issue are entered into the Division's complaint tracking system. The affected regulated entity is contacted and the Division attempts to resolve the consumer's issue. The complaint tracking system is queried each month to identify those consumers who have:

1. Filed a request for assistance;
2. Provided an email address; and
3. Whose request for assistance has been resolved and closed by Division staff.

A consumer satisfaction survey is emailed to individual consumers that meet the criteria detailed above. Of the surveys emailed during FY 2014-2015, approximately 25% were returned. Survey results are compiled by an independent third party survey tool and electronically downloaded to a Division Microsoft Access database.

During FY 2013-2014 and FY 2014-2015, 82% and 81% of consumers respectively, rated the services that were provided by the Division as acceptable, very good or excellent. Even though the Division has exceeded the approved performance measure over the past 24 months, it is important to note, that 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. The Division's actual performance results will always fluctuate due to the Division's inability to control the outcome of the consumer's complaint and the high probability of consumers to link the outcome of their complaint to the Division's level of quality service. As a result, the Division is proposing to revise the approved measure minimally from 75% to 78%.

Validity:

The measure is calculated by determining the number of survey questions answered, and the number of survey questions answered that were rated as acceptable, very good

or excellent. The number of survey questions answered that were rated as acceptable, very good or excellent is then divided by the number of survey questions answered.

Reliability:

Consumer survey responses and relevant statistical data are compiled and stored in a Microsoft Access database. The Division has designated one Administrator that oversees the consumer survey process. Only the Administrator and a designated back-up have access to the Microsoft Access database that contains the consumer survey responses. Limiting access to the database provides adequate internal controls to ensure the accuracy and integrity of the data. The database is backed up daily to ensure the retention of the data.

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 answered phone calls that are answered within four minutes

Action (check one):

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

Data Sources and Methodology:

This measure reflects the percentage of phone calls received through the Department's consumer helpline that are answered within four minutes. The four minute clock starts once the caller is placed in the queue awaiting the next available Specialist, which occurs after the caller navigates through the call menu and selects the relevant prompt. Callers that elect the Call Back Feature are not included in the measurement as an answered call and are therefore excluded from the methodology.

This measure also assists in determining the Division's overall level and quality of service. During the previous 24 months, the Division implemented new call center technology, messaging techniques and added temporary call center staff which improved the Division's overall level of responsiveness. As a result of these improvements, during the preceding 24 months, the Division has answered an average of 87% of its calls within 4 minutes. The Division anticipates this trend to continue and is requesting to revise the approved performance standard from 80% of calls answered within four minutes to 85% of calls answered within four minutes.

Validity:

This measure is calculated by determining the total number of answered phone calls that are answered within four minutes divided by the total number of phone calls answered. The four minute clock starts once the caller is placed in the queue awaiting the next available Specialist, which occurs after the caller navigates through the call menu and selects the relevant prompt. The CISCO Voice Over Internet Protocol telephone system automatically logs and stores data associated with each telephone call received through the consumer helpline.

Reliability:

This data is stored, backed-up and archived in accordance with the Department's server and data management guidelines.

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:

Section 440.107, F.S. – Department Powers to Enforce Employer Compliance with Coverage Requirements states that the Legislature finds that the failure of an employer to comply with the workers' compensation coverage requirements under this chapter poses an immediate danger to the public health, safety, and welfare.

In efforts to comply with the stated legislative intent, the Bureau of Compliance investigators have the power to conduct investigations for the purpose of ensuring employer compliance, enter and inspect any place of business at any reasonable time for the purpose of investigating employer compliance, and to issue Stop-Work Orders, penalty assessment orders, and any other order necessary for the administration of the law.

Investigators conduct routine investigations of employers to determine compliance with Chapter 440, F.S. An investigation is complete when the investigator determines that the employer is in compliance with the law or is out of compliance. If the employer is out of compliance, the investigation is completed and an enforcement action case is opened in CCAS. 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. An investigation is recorded as an "employer contact" in the DAR in CCAS. The investigator must complete all fields including the investigation results to save the DAR record in CCAS. Incomplete investigations cannot be saved or recorded. On a monthly basis, the Daily Activity Report Summary in CCAS is run by the Bureau Management. The report provides employer contacts by investigator and totals for each district office. This information is totaled for all seven district offices, and the total number of employer contacts are summarized for the Bureau monthly and annually.

Validity:

The Bureau has several monitoring tools to ensure the employer contact information provided in the DAR is accurate and valid. Lead Investigators in each district conduct follow up phone calls to employers on a random statewide 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 the Bureau's performance. The number of investigations conducted is a performance measure for the investigators that is monitored and reviewed monthly by their supervisor. While each investigation is unique and may require more or less time to conduct, the measure on average is very consistent statewide and an accurate measure of performance. **Revise standard from 30,500 to 32,000 to align with recent results.**

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.

We are requesting to adjust standard to **90%** to reflect a more accurate estimate based on actual performance results from FY 2014/2015. There are no changes to our Data Sources and Methodology, Validity and Reliability from the previous fiscal year.

Data Sources and Methodology: In the Integrated System, a dispute is defined as one of the four dispute categories – DRV (Dispute Resolved Violation), DRR (Dispute Resolution Resolved), DRU (Dispute Resolution Unresolved), and DUV (Dispute Unresolved Violation). The percentage is determined as follows: $(DRR + DRV / DRR + DRV + DRU + DUV)$.

The process starts with a request for assistance, from an employee who has been injured on his job. The employee contacts the Employee Assistance Office (Employee Helpline Team or the Ombudsman Team) for assistance with resolving a “dispute”. A dispute exists when a benefit has been requested, and the insurance carrier has either denied the employee’s request, or failed to provide the requested benefit within the statutory timeframe.

Based on our discussion with the injured employee, the Specialist determines the “Issue Code” that should be entered. For example, if the injured employee advises us that the workers’ compensation carrier has failed or refused to pay lost wage benefits and the employee is totally disabled for a temporary period of time, the issue code “51” would be entered in the Integrated System.

The Specialist would enter comments that explain the nature of the “dispute”. For example the insurance carrier’s failure or refusal to pay temporary total disability benefits for a specified period. The Specialist would then contact the claims adjuster at the carrier to obtain status information on the employee’s claim and attempt to determine what action needs to be taken to resolve the dispute.

The Specialist would enter comments that describe the actions he or she takes to attempt to secure payment of the requested benefits. For example, if the claims adjuster states the benefit was not paid because they did not have sufficient medical evidence to substantiate the payment of those benefits, the Specialist may be able to obtain a copy

of the employee's Medical Treatment Status Report from either the employee or the treating physician, and forward that documentation to the claims adjuster to facilitate the provision of the requested payment.

If the claims adjuster reviews the medical report and agrees to pay the requested benefits, the Specialist would enter the disposition code "DRR" which means Dispute Resolution Resolved. In addition, the Specialist would enter comments indicating that as a result of their intervention, the insurance carrier agreed to provide the requested benefit. If the Specialist also determines there was a claims handling violation, the disposition code of "DRV" which means Dispute Resolved Violation, is used instead of the DRR disposition code.

If the claims adjuster reviews the medical report and still refuses to pay the requested benefit, the Specialist would enter a disposition code of "DRU" which means Dispute Resolution Unresolved. In addition, the Specialist would enter comments indicating that his or her intervention in the dispute failed to secure provision of the requested benefit. If the Specialist also determines there was a claims handling violation, the disposition code of "DUV" which means Dispute Unresolved Violation, is used instead of the DRU disposition code.

If the attempt to resolve the dispute is unsuccessful, the Specialist would advise the employee of his or her right to request a hearing on the matter before a Judge of Compensation Claims.

Both the Employee Helpline Team and the Ombudsman Team document their activity in the Integrated System. 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. The percentage of disputes resolved is calculated by pulling data from the Integrated System.

Validity: The Bureau has several monitoring tools to ensure the disposition codes and documentation 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 the coding and documentation on a monthly basis. The purpose of the reviews is to ensure consistent coding and documentation 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. Performance Measure Results being reported for this measure are based on the entire target population of data.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Numbers 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 ARAMIS database Tracking module is used to determine the number of Petitions for Resolution of Reimbursement Dispute cases resolved. The term "resolved" means a closure finding (determinations, dismissals, and referrals) was issued by the case manager settling the reimbursement dispute between the health care provider and insurer for services rendered to the injured worker. We query the ARAMIS database for all petitions closed within the reporting month regardless of "Date Received". The "Closed" field represents dates the Medical Services Section issued a closure finding on the petition case. The Medical Services Section increased the number of case manager employees processing Petitions for Resolution of Reimbursement Disputes to 10 during the Fiscal Year (FY) 2013-2014. These employees surpassed the expected increase in production. The average number of cases resolved per case manager in FY 2014-2015, as recorded in the ARAMIS database, was projected forward for expected performance during FY 2015-2016. The estimated number of cases resolved for new cases managers during FY 2015-2016 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 7 employees handling petitions. This is down from 10 due to end of fiscal year employee loss or relocation. It is predicted that a least 3 positions will be refilled. It is also predicted that 10,500 petitions can be resolved in FY 2015-2016.

Reliability:

Using the 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**.

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:

Section 440.107, F.S. – Department Powers to Enforce Employer Compliance with Coverage Requirements states that the Legislature finds that the failure of an employer to comply with the workers' compensation coverage requirements under this chapter poses an immediate danger to the public health, safety, and welfare.

In efforts to comply with the stated legislative intent, the Bureau of Compliance investigators have the power to conduct investigations for the purpose of ensuring employer compliance, enter and inspect any place of business at any reasonable time for the purpose of investigating employer compliance, and to issue Stop-Work Orders, penalty assessment orders, and any other order necessary for the administration of the law.

Investigators conduct routine investigations of employers to determine compliance with Chapter 440, F.S. An investigation is complete when the investigator determines that the employer is either in or out of compliance with the law. If the employer is out of compliance, the investigation is completed and an enforcement action case is opened in CCAS. 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. An investigation is recorded as an "employer contact" in the DAR in CCAS. The investigator must complete all fields including the investigation results to save the DAR record in CCAS. Incomplete investigations cannot be saved or recorded. On a monthly basis, the Daily Activity Report Summary in CCAS is run by the Bureau Management. The report provides employer contacts by investigator and totals for each district office. This information is totaled for all seven district offices, and the total number of employer contacts is summarized for the Bureau monthly. The average number of investigations completed monthly is the total number of investigations completed divided by the number of active investigators working in the given month.

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 average number of investigations conducted monthly is a consistent and stable measure of the Bureau's performance. While each investigation is unique and may require more or less time to conduct, the measure on average is very consistent statewide and an accurate measure of performance. The number of investigations conducted is a performance measure for the investigators that is monitored and reviewed monthly by their supervisor. We are revising the average number of investigations completed monthly from 61 to 59 as 9 senior investigators are focusing on more complex cases and their performance standards have been adjusted to require slightly fewer investigations per month.



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 Request Deletion of Measure
4	Percentage of appointment (hiring) packages processed within the five day time standard	ACT 0110 Personnel Svcs/Human Resources

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2014-15	
SECTION I: BUDGET		OPERATING	FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		321,914,771	3,461,442
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		1,293,390	0
FINAL BUDGET FOR AGENCY		323,208,161	3,461,442
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost
		(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)			3,461,442
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.	6,488	60.91	395,173
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.	65,278	16.26	1,061,667
Investment Of Public Funds * Dollar Volume of Funds Invested	22,300,000,000	0.00	718,046
Provide Cash Management Services * Number of cash management consultation services.	33	31,779.00	1,048,707
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.	2,800,000	0.60	1,680,077
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.	1,644,859	1.03	1,696,827
Accounting And Reporting Of State Funds * State Accounts Managed In The Florida Accounting Information Resource System.	35,777	128.07	4,581,909
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.	9,017,888	0.12	1,077,539
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements	328,808	13.00	4,274,589
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements	9	247,533.22	2,227,799
Process State Employees Payroll * Payroll payments issued	2,966,278	0.81	2,413,548
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes	11	16,749.73	184,247
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.	16	57,898.13	926,370
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.	2,036,306	1.40	2,843,734
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.	388,323	8.05	3,128,903
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.	7,182	74.49	534,992
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.	15,566	262.12	4,079,963
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.	573	922.43	528,555
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.	1,344	459.54	617,624
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.	3,324	4,262.97	14,170,113
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.	203,753	9.95	2,028,188
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.	8,349	114.60	956,817
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.	11,637	99.65	1,159,605
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.	2,773,057	0.15	426,207
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.	21,066	1,635.55	34,454,489
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.	4,363	3,295.51	14,378,324
Process Property Claims On State Owned Buildings (Structure And Contents) * Number of state property loss/damage claims worked.	168	14,899.10	2,503,048
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.	1,228	1,928.70	2,368,443
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.	35	18,308.71	640,805
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.	115,935	23.93	2,774,714
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.	40,046	35.23	1,410,653
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.	1,705,434	0.42	723,554
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.	214,881	1.96	421,347
Investigate Agents And Agencies * Number of agent and agency investigations completed.	3,405	1,761.00	5,996,189
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).	1,389	12,878.18	17,887,791
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).	697	7,371.29	5,137,791
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.	57,596	72.82	4,194,246
Provide Consumer Education Activities * Number of visits to the Consumer Services website.	282,586	2.36	666,620
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.	334,348	14.08	4,707,737
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.	1,723	1,330.14	2,291,839
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.	87,525	49.88	4,365,556
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.	34,282	405.58	13,903,974
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.	1,049	4,675.48	4,904,583
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.	2,514	538.11	1,352,812
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.	121,030,038	0.01	688,804
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.	5,561,949	0.68	3,791,162
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually	8,858	170.60	1,511,208
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.	3,689	1,629.83	6,012,427
Approve And License Entities To Conduct Insurance Business * Number of Certificates of Authority processed	96	9,810.43	941,801
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities	597	5,343.24	3,189,913
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.	7,896	2,090.83	16,509,205
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.	14,134	589.09	8,326,196
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.	178	26,144.57	4,653,733
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.	18,568	104.50	1,940,404
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.	200	61,643.59	12,328,718
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.	24	32,059.67	769,432
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.	189	19,440.47	3,674,248
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance. * Examinations of money services businesses conducted to determine compliance with regulations.	595	9,942.79	5,915,961
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.	282	21,640.65	6,102,664
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.	56,750	45.76	2,596,872
TOTAL			256,796,462
SECTION III: RECONCILIATION TO BUDGET			
PASS THROUGHS			
TRANSFER - STATE AGENCIES			
AID TO LOCAL GOVERNMENTS			
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS			1,045,371
OTHER			35,556,811
REVERSIONS			29,809,540
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)			323,208,184
			3,461,442

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.

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	299,651	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	610,880	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	10,335,380	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	565,297	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	2,745,964	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	123,912	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	2,370,275	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	12,358,029	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,864,892	
43500400	1205000000	ACT9010	TRANSFER TO FLORIDA CATASTROPHIC	1,500,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,532,531	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	323,208,161	3,461,442
TOTAL BUDGET FOR AGENCY (SECTION III):	323,208,184	3,461,442
	-----	-----
DIFFERENCE:	23-	
(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.

FACTS - Florida Accountability Contract Tracking System

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, 2015

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, our Long Range Program Plan (LRPP) for the Office of Insurance Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2016-17 through Fiscal Year 2020-21. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is www.floir.com. This submission of our LRPP has been approved by me.

Sincerely,


Kevin M. McCarty

2015

Long-Range Program Plan

*Fiscal Years 2016-17
through 2020-21*

September 2015



FLORIDA OFFICE OF
INSURANCE REGULATION

Kevin M. McCarty, Insurance Commissioner



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.

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 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
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 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
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 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
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 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
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 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
10%	10%	10%	10%	10%	10%

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

Baseline FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
10%	10%	10%	10%	10%	10%

Office Budget FY 2015-16

Table 1. Appropriations Overview Fiscal Year 2015-16: Office of Insurance Regulation (Office)

Positions	FY 2014-15	FY 2015-16	Change
Full-time equivalent (FTE) positions	288	292	4
Funding (By Budget Category)	FY 2014-15	FY 2015-16	Change
Salaries and Benefits	\$19,425,731	\$19,993,117	\$567,386
Other Personal Services	\$265,169	\$265,169	0
Expenses	\$2,518,543	2,559,164	\$40,621
Operating Capital Outlay	\$35,000	\$35,000	0
Contracted Services	\$780,726	\$1,430,726	\$650,000
Financial Examination Contracts*	\$4,926,763	\$4,926,763	0
Florida Public Hurricane Loss Model	\$632,639	\$632,639	0
FIU Enhancements to the FL Public Model**	\$1,543,300	\$1,700,000	\$156,700
FIU Wall of Wind Enhancements**	\$300,000	\$0	(\$300,000)
Lease or Lease-Purchase of Equipment	\$27,403	\$27,403	0
Risk Management Insurance	\$162,559	\$181,293	\$18,734
DMS Human Resources Contract	\$95,221	\$97,841	\$2,620
TOTAL	\$30,713,054	\$31,849,115	\$1,136,061

*Budget authority for financial examinations of Property and Casualty, and Life and Health insurance companies. Insurance companies reimburse the Insurance Regulatory Trust Fund for the examination costs. The Trust Fund acts as a pass through. The transaction is revenue neutral.

**Funds are nonrecurring and disbursed directly to Florida International University (FIU).

Linkage to Governor's Priorities

A. Economic Development and Job Creation

1. Focus on Job Growth and Retention. Through consistent leadership, regulatory innovation and stakeholder outreach, the Office fosters an insurance environment conducive to business expansion and job growth. Since 2010, the insurance industry has added more than 16,000 new jobs in Florida.¹ The jobs pay an average of \$63,577 annually in salary and benefits.² Nearly 200,000 Floridians are now employed in the insurance sector.³

To give companies the opportunity to dialogue with Office staff, become more familiar with Office processes and services, and gain a greater understanding of the requirements for doing business in Florida, the Office hosted a business development conference in 2014 that drew over 260 participants.

The Office played a key role in securing legislative approval of a measure designed to attract more title insurance companies to Florida. This legislation led to the redomestication of the third largest title insurer to Florida in November 2014.

2. Reduce Taxes. The Office does not have taxing authority. However, the Office has helped reduce both the likelihood and amount of any future assessments levied against Floridians to pay the claims of Citizens Property Insurance Corporation (Citizens) policyholders. It has done so through the rate and take-out approval process. During FY 2014-15, the Office approved an additional 1,357,539 policies for take-out. Private insurers assumed 427,209 policies.⁴ As of June 30, 2015, Citizens' policy count had dropped to 598,646—58 percent fewer policies than the 1,440,112 policies-in-force as of June 30, 2012.⁵ Over that same three-year period, Citizens' total exposure fell 63 percent, from \$496 billion to \$183 billion.⁶

The Office receives no state general revenue dollars. It keeps its cost of regulation low relative to other states. Among the four largest states, Florida's cost of regulation is the lowest, with a regulatory cost below the national average.⁷

3. Regulatory Reform. In FY 2014-15, the Financial Services Commission (FSC) repealed 23 rules proposed for repeal by the office. This followed another 27 proposed for repeal in FY 2012-13. The Office implemented many other innovations such as allowing insurers to consolidate certain filings, and focusing Office review of amended forms on the specific change proposed rather than re-reviewing an entire form.

B. Maintaining Affordable Cost of Living in Florida

1. Accountability Budgeting. Through performance based budgeting, the Office carefully monitors both expenditures and outcomes, and makes adjustments as appropriate to accomplish the mission of the Office as efficiently as possible. The Office maintains low administrative expenses and closely monitors staff productivity by tracking workload and processing times.

2. Reduce Government Spending. Through its participation in the NAIC, the Office leveraged its \$151,000 in annual membership fees to secure millions of dollars in regulatory support, infrastructure, and training that would otherwise be borne by Florida as part of the state budget.

Recent Office innovations have produced estimated savings of \$650,606 (in the year implemented).

Forms certification	\$157,695
Combined form filings	\$46,381
Staff productivity savings	\$261,530
<u>Relocation of the Insurance Examiners</u>	<u>\$185,000</u>
TOTAL SAVINGS	\$650,606

In addition, other Office initiatives such as the internship program, database efficiencies, and forms checklists produced savings, but the amount is indeterminate.

Office productivity savings resulted from the efforts of three forms review teams. 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, these 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.

3. Reduce Taxes. See "Reduce Taxes under Economic Development and Job Creation, Section A.2., " 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, and issue reports.

1. Status of Key Statutory Responsibilities

The Office budget for FY 2015-16 is \$31.8 million, with 292 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund and receives no state general revenue funds. In FY 2014-15, the Office spent over 95 percent of every dollar received on regulatory responsibilities. Administrative costs accounted for less than five percent of the Office budget.

a. Certificates of authority (COA)

The Office is actively engaged in licensing insurance companies and related entities through the certificate of authority application process. Except for Health Maintenance Organizations (HMO) and Prepaid Limited Health Service Organization (PLHSO) applications, Florida law requires the Office to approve or deny a complete application for a new certificate of authority within 180 days of receipt.⁸ For HMOs and PLHSOs, the Office must approve or deny a new certificate of authority within 90 days. All applications for amendments to existing certificates of authority—from both insurers and HMO/PLHSOs—must be approved or denied within 90 days.⁹ In FY 2014-15, the Office processed 100 percent of new COA applications within 90 days.

b. Form and rate review

The Office reviews form and rate filings for compliance with Florida law. The statutorily required timeframes for Office review of forms and rates vary by line and product type. The speed at which new products make it to market depends in large part on the complexity of the filing and the quality and completeness of the company submission. As with applications, rate and form filings are filed electronically.

As a result of Office innovations, insurers now have additional options for getting products to market more expeditiously. Insurers submitting forms for property and casualty commercial products, excluding workers' compensation, may take products to market immediately upon certifying that submitted forms comply with current law, rather than having to first obtain Office approval. Companies may also choose to combine multiple sub-types of insurance into a single filing, rather than having to file each sub-type of insurance separately. The Office has also adjusted its review process for amended forms. Instead of scrutinizing an entire form, the Office now focuses its attention on the revised language and any areas affected by recent legislative changes.

In FY 2014-15, the Office processed 99.7 percent of life and health, and property and casualty, rate and form filings within statutory timeframes.

c. Financial oversight

The Office monitors the financial condition of regulated insurance entities through financial examinations and financial analyses. By examining the financial books and records of insurance companies and related entities, the Office evaluates the quality of assets, adequacy of stated liabilities, and general operating results.

The Office is statutorily required to conduct a financial examination of each domestic insurer at least once every five years. Examinations must be concluded within 18 months of the “as of” examination date pursuant to NAIC accreditation standards. Insurers applying for an initial certificate of authority must also be examined. When circumstances warrant heightened scrutiny, the Office performs targeted reviews of specific companies. Under the auspices of the NAIC, the Office participates in multi-state financial examinations.

Financial analyses or desk reviews are conducted on a monthly, quarterly and annual basis. Under NAIC accreditation standards, the Office must complete the review of a priority company (those with a major or serious violation or problem) within 60 days, and a non-priority company (those with minor or no violations) within 90 days.

In FY 2014-15, the Office completed 100 percent of the 70 financial examinations and 99.8 percent of the 8,228 financial analyses within NAIC timeframes.

d. Market conduct examinations and investigations

Through market conduct examinations and investigations, the Office monitors insurance company products and practices for compliance with the Florida Insurance Code. 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 form deficiencies; claims communication response times; proper claims investigation; cancellation and nonrenewal notices; failure to pay interest on overdue claims and monitor a third-party administrator; unfavorable claims settlements; and internal coding errors.

Florida is also one of six managing lead states engaged in the nationwide examinations of the claims settlement practices of life insurance and annuity companies. In 2013 and 2014, the Office recovered roughly \$110 million on behalf of Florida consumers and helped reform claims settlement practices used by companies.

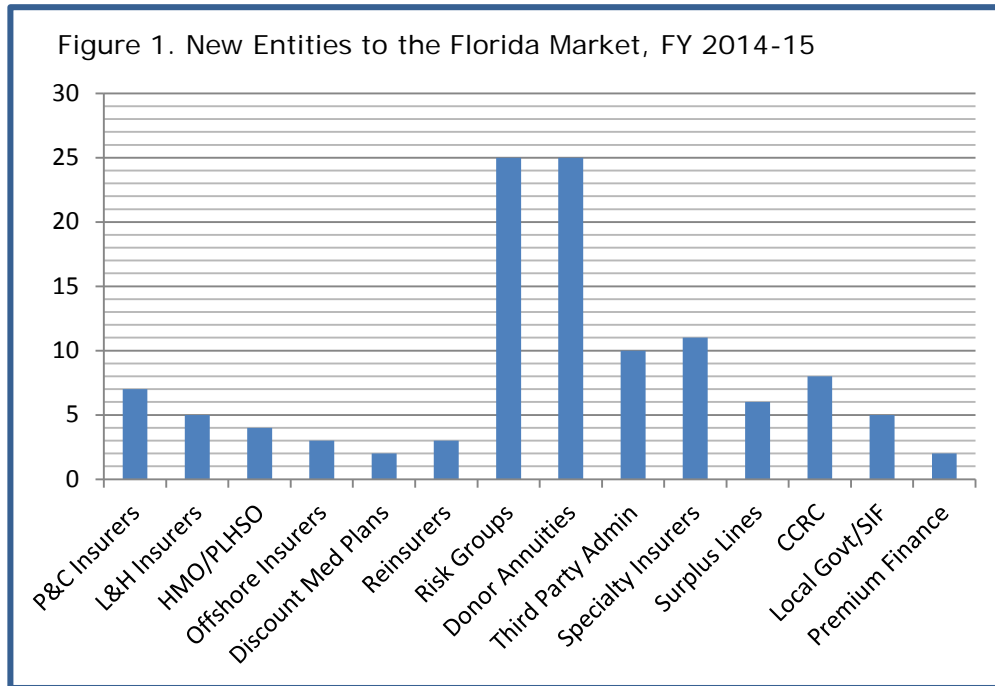
The Office also uses market analyses to identify significant issues adversely affecting consumers. These desk reviews consist of a review and analysis of information reported in financial statements, in complaint data, and through lawsuit activity and other available data sources. This monitoring role also includes identifying unlicensed entities transacting insurance illegally.

e. Attract companies and capital to the Florida insurance market

In FY 2014-15, an additional 116 insurance and insurance-related entities entered the Florida market.¹⁰ While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, seven were newly licensed property and casualty insurers and five were newly licensed life and health insurance insurers.

Of the 12 insurers new to Florida in FY 2014-15, three were large national companies—companies affiliated with national or international insurance groups. Two of the twelve have

a publicly traded parent. In addition to the 12 new insurers, Florida added two new HMOs and two new PLHSOs. See Figure 1 for the distribution of new entities.



f. Data collection, analyses, and reports

The Office engaged in extensive data collection and analyses in FY 2014-15 related to:

- Catastrophe stress testing reporting for selected domestic insurers
- Health and accident insurance, specific to plans and coverages
- Health risk sharing provider market examination
- High-value homes data call (per Chapter 2013-60, Laws of Florida)
- Individual rated and excess rates
- Managed care specific to HMO financial and county enrollment data, both group and individual
- Major medical enrollment and premium reporting
- Private passenger automobile insurance, specific to excess profits and policy count reporting
- Private passenger motor vehicle insurance coverage
- Professional liability claims reporting
- Property and casualty annual calendar year experience (financial) reporting
- Property and casualty insurance (residential policy data)
- Property and casualty reinsurance data call (three separate parts)
- Secondary life insurance
- Small employer insurance, specific to insurer estimates of earned premiums and membership
- Title agency data call
- Title underwriter data call
- Unfair discrimination based on travel annual life insurance survey

The Office completed numerous statutorily required reports in FY 2014-15. See section H.2., of this Long-Range Program Plan for a complete list of reports.

2. Technology in Carrying Out Statutory Responsibilities

The Office has one of the most sophisticated regulatory technology systems in the country, featuring comprehensive electronic insurance company form, rate and data filing systems. 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:

- Modification of the I-File forms and rates system to permit all companies to submit documents marked "trade secret," with greater assurance that trade secrets are protected in state computer files.
- Improvements to the Data Collection and Analysis Modules system to retrieve and provide users with data previously supplied in an Excel spreadsheet. Customers experience considerable time savings, filing simplicity and reduced error rates. The Office requires less time to complete data reviews.
- Enhancements to the I-Apply system to enable multiple domestic insurers to be included within a single acquisition filing rather than separate filings. Upgrades to the company application screen provide filers with more options and guides them through the process without necessitating a call to the Office for assistance.
- Development and deployment of a standardized Financial Examination Tracking System enabling the Office to adopt common practices across examinations.

In addition, the Office is fully integrated into and benefits from mission-critical NAIC technology systems used as part of the application, financial review, and other processes.

3. Market Conditions in Florida

The insurance industry is a vital part of Florida's economy. It employs nearly 200,000 Floridians, with average annual salary and benefits of \$63,577.¹¹ As of June 30, 2015, the Office had oversight of 4,204 entities in Florida.¹² The Florida homeowners' insurance market is the largest in the nation based on premium volume, and is the strongest it has been in over 10 years.

Market conditions in Florida can be assessed against a variety of criteria, including market entry (new entrants), market concentration/competition, premium volume, premium rates, company financial condition, and size of residual markets.

a. Market entry (new entities and new lines of business for existing entities)

See section A.1.e., above.

b. Market concentration

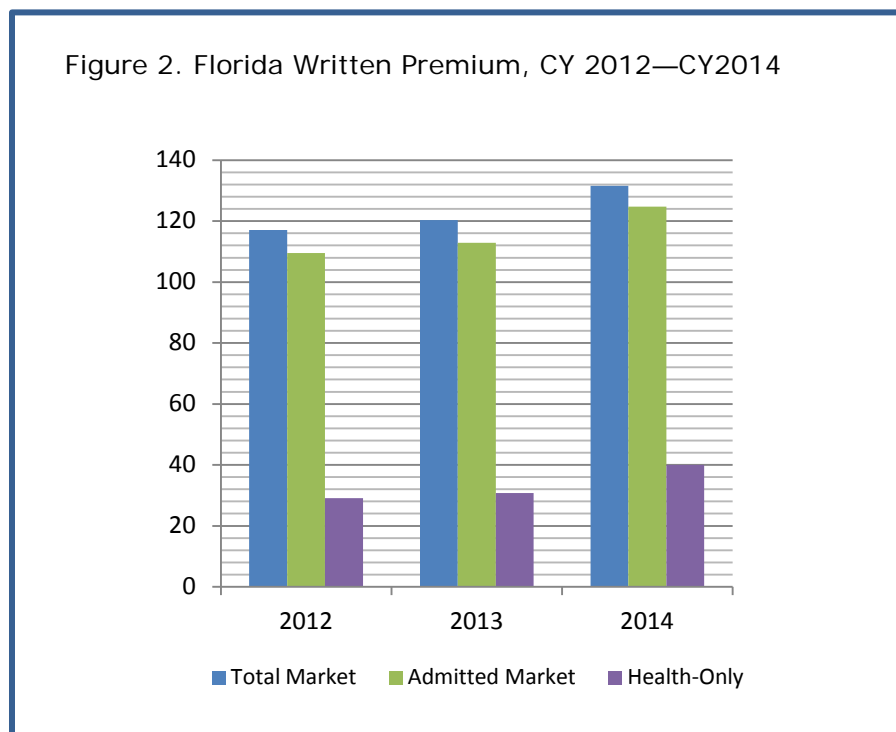
Florida insurance markets are generally competitive, although market concentration varies considerably from one line to another, as shown in Table 2.

Line of Business	Top Writer	Top 5 Writers	Top 10 Writers
Accident and Health	15.6	48.3	63.6
Commercial Multi-Peril	14.7	33.3	47.3
Homeowners Multi-Peril	9.1	31.7	47.5
Life	6.3	23.7	38.7
Medical Malpractice	20.9	47.0	61.2
Private Passenger Auto	16.6	46.9	63.2
Title	32.5	83.8	97.7
Workers Compensation	10.5	29.4	43.1

c. Premium volume¹⁴

As shown in Figure 2, Florida is experiencing steady premium growth. Among all writers, total written premium expanded from \$117.1 billion at year-end 2012 to \$131.6 billion in year-end 2014, a strong 12.4 percent increase. An \$11.3 billion jump in written premium from 2013 to 2014 accounted for most of the growth. This increase primarily resulted from a 33 percent (\$9 billion) surge in premium written by health-only companies. Florida-admitted insurers wrote \$124.8 billion of 2014 total premium, a \$12 billion increase from the \$112.8 billion written in 2013. Premium written by specialty insurers jumped 39 percent between CY 2012 and CY 2014, with the biggest increase again occurring from CY 2013 to CY2014.

During this period, Florida ranked 11th globally in total direct written premium.¹⁵

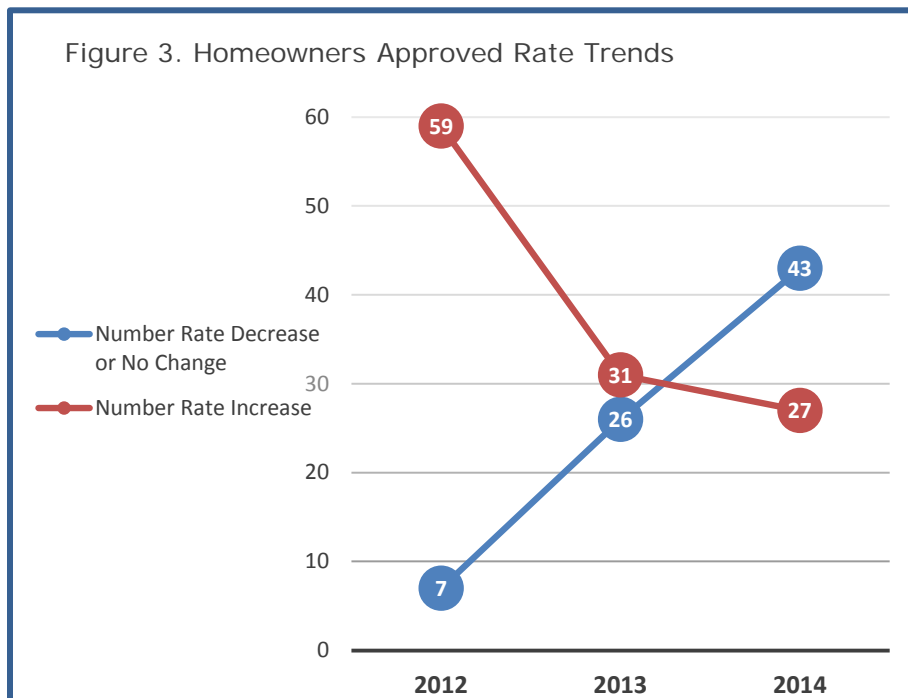


d. Premium rates

Rate trends vary across insurance lines. On the one hand, health insurance rates continue to increase as a result of the Patient Protection and Affordable Care Act (PPACA). Filed rates in the individual market for the 2015 plan year were 13.2 percent

higher than rates for the 2014 plan year.¹⁶ Rates for individual major medical plans will increase an average of 9.5 percent beginning January 1, 2016. Some of this cost may be offset for individuals eligible for a premium subsidy and purchasing coverage through the federally facilitated marketplace.

On the other hand, property insurance rates are trending lower. The soft reinsurance market is contributing to lower rates in some market segments. The trend is very favorable for insurers. Many companies are using the savings to purchase increased reinsurance coverage, reduce rates, or some combination of the two. In 2012, 59 of the 66 Office-approved homeowners filings had a rate increase; by 2014, two-thirds (43 of 70) had a rate decrease. See Figure 3.



Workers' compensation rates are also down an average of 58.3 percent since 2003. In 2015, employers in the aggregate enjoyed additional premium savings of roughly \$123 million.

Private passenger automobile insurance premiums have also benefited from lower Personal Injury Protection (PIP) rates. On January 1, 2015, the Office released a study on the impact of the 2012 PIP reform law (HB 119) on PIP and auto insurance rates and claims.¹⁷ As part of that study, we looked at the personal auto rate filings submitted both pre- and post-HB 119 by the largest insurers. For the approximately two year period prior to HB 119, PIP rates increased 46.3 percent, but during the two year period after HB 119, the rates decreased 13.6 percent.¹⁸ It is safe to say that HB 119 significantly changed the trajectory of the trends that we were seeing in the market prior to HB 119. However, since PIP accounts for a small slice of the overall auto premium (approximately 20 percent) and some losses that previously would have been covered under PIP have migrated to other coverages (e.g., Bodily Injury, Medical Payments and Uninsured Motorists), auto insurance rates decreased 0.1 percent post-HB 119, compared to a 12.9 percent increase in the two years prior to HB 119.¹⁹

e. Financial condition

Health insurers and HMOs, as well as some life insurers, face a more challenging financial environment than their counterparts in the property and casualty sector. Of particular concern to the Office is the financial condition of HMOs. Many are under significant stress. Much of this is due to a combination of changes to the Medicare and Medicaid programs and cases of extremely rapid enrollment growth as a result of the PPACA.

Life insurers have come under financial pressure from the low interest rate environment. From 2013 to 2014, profitability was up for Florida domestics, with net income increasing 48.9 percent following a 13.6 percent during the prior year.²⁰ Across all companies, net income declined 8.2 percent from 2013 to 2014.²¹

In the property insurance sector, Florida domestics are thriving. Comparing the results from year-end 2014 to year-end 2013, gross written premium rose 20 percent; policyholder surplus increased 19.7 percent; underwriting gain jumped \$220 million; and after-tax income grew by \$115 million.²² Surplus is up 87 percent since 2010.²³ Florida's domestic property insurers are well-positioned to satisfy the demand for new coverage resulting from continued population growth.

f. Residual markets.²⁴

Small residual markets are generally associated with healthy voluntary markets. The overwhelming majority of premium written in Florida is written by private insurers in the voluntary market. With the exception of the property insurance market, residual markets remain very small in Florida.

The property insurance residual market is much smaller than at any time since the aftermath of 2004 and 2005 storm seasons. During FY 2014-15, the Office approved another 1,357,539 policies for take-out. Private insurers assumed 427,209 policies. As of June 30, 2015, Citizens policy count had dropped to 598,646—58 percent fewer policies than the 1,440,112 policies-in-force as of June 30, 2012. Over that same three-year period, Citizens' total exposure fell 63 percent, from \$496 billion to \$183 billion.

4. New Laws

a. Federal

1) Patient Protection and Affordable Care Act.²⁵ While the PPACA became law in 2010 and, therefore, is not a new law, the regulations spawned by the act continue to evolve and shape the requirements of the Act through annual agency rulemaking, guidance and Frequently Asked Questions.

2) Terrorism Risk Insurance Program Reauthorization Act of 2015.²⁶ The federal Terrorism Risk Insurance Act (TRIA) became law in January 2015. The reauthorization legislation made a number of significant changes to the previous version of the Act and extends the program through December 31, 2020. It decreases the federal share of the compensation for the insured losses of an insurer during each program year by one percent until it equals 80 percent of the portion of the amount exceeding the annual insurer deductible; and increases the insurance marketplace aggregate retention amount under the Program (currently \$27.5 billion) by \$2 billion per calendar year until it equals \$37.5 billion.

b. Florida

1) Certificate of authority applications. In applying for a certificate of authority, a foreign or alien insurer must provide a copy of the insurer's most recent examination certified by the insurance regulator of the domiciliary state or state of entry into the United States. The examination must have been conducted within a three-year period preceding the date of application. The bill changes the timeframe from three years to five years. (Ch. 2015-42, Laws of Florida; effective 7/1/15)

2) Notice of change in policy terms. The bill specifically requires the Notice of Change in Policy Terms to be provided in advance, but gives the insurer the option of either providing it with the notice of renewal premium or sending it separately within the timeframe required for notifying a policyholder of nonrenewal. Regardless of the option chosen, the insurer must also provide a sample copy of the notice to the named insured's insurance agent before or at the same time notice is provided to the named insured. In addition, the bill prohibits insurers from using the statutory notice to add any optional coverage to a renewal policy that increases policyholder premium, unless the policyholder affirmatively agrees to add the optional coverage and so indicates to the insurer or agent. The bill defines "optional coverage" to mean the addition of new insurance coverage not previously requested or approved by the policyholder but does not include any change to the base policy or a deductible or an insurance limit. (Ch. 2015-170, Laws of Florida; effective 7/1/15)

3) Employee health care plans. As a result of the PPACA, the bill amends the Florida Employee Health Care Access Act to remove multiple provisions viewed as out of date or in conflict with PPACA such as the requirement that a small employer carrier offer standard, basic, and high deductible plans as a condition of transacting business in Florida. It also repeals a provision that reinsurance premium rates be indexed to approximate gross premium rates of standard and basic health plans.

The bill exempts small employer self-insured health benefit plans from the requirements of the Act and permits these plans to use a stop-loss insurance policy issued to the employer. The bill defines "stop-loss insurance policy." The bill considers a stop-loss policy a health insurance policy subject to the Act if it has an aggregate attachment point lower than the greater of \$2,000 multiplied by the number of employees; 120 percent of expected claims, as determined by the stop-loss insurer; or \$20,000. The stop-loss policy must cover 100 percent of all claims in excess of the aggregate attachment point. In the case of a self-insured health benefit plan maintained by an employer with 51 or more covered employees, the bill considers it to be health insurance if the stop-loss coverage has an aggregate attachment point lower than the greater of 110 percent of expected claims, as determined by the stop-loss insurer; or \$20,000. Stop-loss insurance carriers are required under the bill to use a consistent basis for determining the number of covered employees. As one such basis, carriers may use the average number of employees employed annually or at a uniform time. (Ch. 2015-121, Laws of Florida; effective 7/1/15)

4) Property and casualty insurance. The bill allows insurers to use hurricane loss projection models and estimates of probable maximum losses in a rate filing for 120 days following the stated expiration date of the model, rather than 60 days. The bill also clarifies that insurers writing commercial property and casualty insurance, other than commercial residential multi-peril, must make an annual base rate filing for each such line at least once annually, demonstrating its rates are not inadequate. Under current law, both commercial multiple line and commercial motor vehicle are exempted from this filing frequency requirement.

Under current law, residential property insurers must give the first-named insured written notice of nonrenewal, cancellation, or termination at least 100 days in advance of the effective date. However, if the nonrenewal, cancellation or termination would take effect between June 1 and November 30, the insurer must notify the first-named insured at least 100 days in advance or by June 1, whichever is earlier. The June 1 notice requirement does not apply, but the 100-day notice requirement does apply, to a policy that is nonrenewed because of a revision in the coverage for sinkhole losses and catastrophic ground cover collapse. The bill replaces these notice provisions with a uniform 120-day advance notice requirement.

Under current law, a private passenger motor vehicle insurance policy providing physical damage coverage, including collision or comprehensive coverage, may not be issued in this state unless the insurer has inspected the motor vehicle in accordance with Florida law. This requirement does not apply to a policy for a policyholder insured without interruption for at least two years if the agent verifies the prior coverage. The bill revises current law to provide that the exception applies if the policy provides coverage for “any” vehicle.

The bill also exempts leased vehicles from motor vehicle pre-insurance inspections. Finally, the bill retains current provisions allowing insurers to include Florida Insurance Guaranty Association (FIGA) coverage information in their advertising and sales efforts, but will now specifically require that they explain the limits of the FIGA coverage. (Ch. 2015-135, Laws of Florida; effective 7/1/15)

5) Flood insurance. The bill amends provisions adopted as part of the flood insurance legislation enacted during the 2014 Session. Under current law, flood insurance policies may be issued on a standard, preferred, customized or supplemental basis. The bill provides a fifth—flexible flood insurance. Flexible flood insurance must cover losses from the peril of flood and may also include coverage for losses from water intrusion originating from outside the structure not otherwise covered by the definition of flood. Flexible flood insurance must include one or more of the following provisions:

- limiting flood coverage to a specified amount, such as an outstanding mortgage.
- requiring a deductible in an amount authorized under s. 627.701, F.S.
- requiring flood loss to a dwelling to be adjusted on the basis of actual cash value.
- limiting flood coverage to the principal building defined in the policy.
- including or excluding coverage for additional living expenses.
- excluding coverage for personal property or contents as to the peril of flood.

The bill repeals a provision providing that supplemental flood insurance does not include excess flood coverage.

Under current law, any restrictions on policy limits must be prominently noted on the policy declarations page or face page. The bill specifically includes deductibles in this requirement. In addition, if the Office finds flood rates are excessive or unfairly discriminatory, the bill requires the Office to appropriately credit existing policyholders or refund those not still insured by the insurer.

Finally, under the bill, insurers may ask the Office to certify that the flood coverage meets or exceeds that provided under the federal program. The insurer must first include a policy provision stating it meets private flood insurance requirements established under applicable federal law. The insurer or agent may reference this certification in its advertising or communications with private lenders and specified others. The bill makes it an unfair or deceptive act under Florida law for an insurer or agent to knowingly misrepresent the

certification status of a policy, contract or endorsement. (Ch. 2015-69, Laws of Florida; effective 7/1/15)

B. What Led the Office to Select its Priorities?

The priorities of the Office are defined by the Insurance Commissioner from among the statutory responsibilities assigned by the Legislature, and consistent with the performance measures 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.

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 FSC, 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

None anticipated

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:

a. Life and health

- Agency for Healthcare Administration (AHCA) Medicaid Reform Low Income Pool Council
- Birth-Related Neurological Injury Compensation 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

b. Property and casualty

- Citizens Market Accountability Advisory Committee
- Citizens Property Insurance Corporation
- Florida Automobile 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
- National Council on Compensation Insurance (NCCI) Appeal Board
- Workers' Compensation Three Member Panel

2. Studies and Reports

a. Annual reports

- Accident and Health Gross Annual Premium Report
- Cover Florida Health Access Program Report
- Florida Office of Insurance Regulation Fast Facts Report
- Florida Property and Casualty Insurance Experience
- "Freedom to Travel"/Life Insurance Travel Underwriting Company Report
- Health Flex Program Evaluation (Joint Report with Agency for Health Care Administration)
- Health Insurance Rate Changes
- Legislative Budget Request
- Listing for Personal Lines Property Residential Coverage
- 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
- Small Employer Group Carrier-reported Estimates of Earned Premiums and Enrollment
- Summary of Small Employer Group Health Annualized Premiums Earned Report
- Workers' Compensation—Marketplace Availability and Affordability

b. 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)

c. Other reports

- Managed Care Summary Report (quarterly)
- Market Analysis-based Order on Citizens Property Insurance Corporation Reasonable Degree of Competition
- Report on Review of the Data Call Pursuant to House Bill 119 - Motor Vehicle Personal Injury Protection (PIP)

In addition, reports detailing Office activities and achievements were submitted to the Governor and the entire FSC on a weekly, monthly, quarterly and annual basis.

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 and 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 in the year funds are disbursed.

Appropriation Category: The lowest level line item of funding in the General Appropriations Act, representing a major expenditure classification of the budget entity. Within budget entities, categories may include salaries and benefits, other personal services, expenses, operating capital outlay, data processing services, fixed capital outlay, and others.

Budget Entity: A unit or function at the lowest level to which funds are specifically appropriated. "Budget entity" and "service" have the same meaning.

Fixed Capital Outlay: Real property, 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 FSC "shall not be subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters." The FSC is composed of the Governor and Cabinet and contains the Office of Insurance Regulation and Office of Financial Regulation.

Legislative Budget Request: A request to the Legislature, filed pursuant to s. 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). Programs are identified in the General Appropriations Act.

Standard: The level of performance of an outcome or output.

Kevin M. McCarty **Commissioner of Insurance** **State of Florida**



Kevin McCarty began his public service career with the Florida Department of Labor and Employment Security in 1988. He became a workers' compensation expert and, in 1991, joined the Florida Department of Insurance (DOI). In 1992, McCarty became the chief DOI point person for implementing strategies to restore the private marketplace following the devastation of Hurricane Andrew. Following the constitutionally required reorganization of the Florida Cabinet in 2002 and the creation of the Office of Insurance Regulation, the Governor and Cabinet named McCarty the first appointed Insurance Commissioner effective January 2003.

Commissioner McCarty's leadership of the Office reflects his vision of government's role in society—a vision guided by three main principles: one, government should serve and ultimately be accountable to the people; two, government should be transparent in its operations, and treat its clients fairly; and three, government should promote a vibrant, competitive marketplace while safeguarding the interests of those unable to protect themselves.

By using technology to improve the regulatory process in ways that benefit both companies and consumers, McCarty has cemented his reputation as an innovator. Required filings can now be submitted electronically. As a result, companies can get their products to market much faster and at less expense, and consumers gain immediate and unfettered access to industry data and company rate filings.

Commissioner McCarty has played a key role in restoring the Florida property insurance market, developing a national catastrophe strategy and transitioning residual market policyholders to the private market. As a stabilizing force engaged in extensive outreach to domestic and foreign companies and global reinsurers and investor groups, McCarty has accelerated the flow of additional private capital into the Florida market. As an advocate for encouraging business and capital growth, McCarty has expanded opportunities for international insurers to operate in Florida. He has also worked closely with state policymakers to support and encourage the development of a private flood insurance market as an alternative to the National Flood Insurance Program.

Commissioner McCarty has also been instrumental in the transformation of Florida's workers compensation market from one of the most expensive, least competitive, and least efficient, to one of the most competitive, efficient and affordable. Under his watch, rates have dropped over 58 percent, saving Florida businesses an estimated \$3 billion. For McCarty, cost containment has been a key focus as chair of the Workers' Compensation Three-Member Panel.

One of Commissioner McCarty's top priorities has been to safeguard the Florida health insurance market during the implementation of the federal Patient Protection and Affordable Care Act (PPACA). Health insurance rate filings are carefully evaluated and the financial condition of health insurers and health maintenance organizations is actively monitored. As chair of the Florida Health Insurance Advisory Board, he meets regularly with company and consumer representatives and works with Florida's leadership to maintain a robust health insurance market.

McCarty has been a fierce defender of seniors and historically discriminated minorities. Under Commissioner McCarty's leadership, millions of dollars have been recovered on behalf of life insurance beneficiaries as a result of multi-state market conduct exams of life insurance companies and their use of the Social Security Administration's Death Master File. The Florida Office of Insurance Regulation, working with Chief Financial Officer Jeff Atwater and Attorney General Pam Bondi, was the first state insurance department in the nation to enter into a regulatory settlement agreement requiring a company to take corrective actions.

Within the National Association of Insurance Commissioners (NAIC), McCarty's leadership has given Florida consumers and insurers a critical voice on national insurance issues. In addition to chairing numerous committees and task forces, McCarty's NAIC colleagues have elected him to the following offices: secretary-treasurer in 2008, vice president in 2009, president-elect in 2010, and president in 2012. As president, he achieved many key initiatives of the NAIC, including the approval of changes to Actuarial Guideline 38 (AG 38) and the adoption of the Valuation Manual integral to implementing principle-based reserving.

Florida has also maintained a strong international leadership presence with McCarty's service as a member of the Executive and Technical Committees of the International Association of Insurance Supervisors (IAIS), and as a co-vice-chair of the Executive Committee. He is the state official member of the International Issues Task Force Working Group for the National Conference of Insurance Legislators. This Working Group was created to focus on global standards, capital requirements, and group supervision. Because of his extensive regulatory expertise in this area, he was named 2015 Chair of the NAIC International Insurance Relations Committee.

McCarty has been invited to testify on several occasions before the U.S. Congress on various insurance-related matters—most recently in April 2015. He has also received numerous accolades for his leadership. In September 2015, he received the Lifetime Achievement Award from the Florida Association of Insurance Reform (FAIR). In 2011, the National Association of Health Underwriters presented him with the Spirit of Independence Award for his work to preserve the role of health insurance agents within federal health care reform. For his outstanding service to the NAIC, McCarty and the Office received the 2010 Esprit de Corps Award. LexisNexis named McCarty 2008 Regulator of the Year.

McCarty received his bachelor's degree and Juris Doctorate degree 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, FSC, 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.

¹ U.S. Department of Commerce, Bureau of Economic Analysis, "Total full-time and part-time employment by NAICS industry, Insurance and Insurance-related entities." ("Insurance carriers and related activities" are defined as follows: "Industries in the Insurance Carriers and Related Activities NAICS subsector group establishments that are primarily engaged in one of the following (1) underwriting (assuming the risk, assigning premiums, and so forth) annuities and insurance policies or (2) facilitating such underwriting by selling insurance policies, and by providing other insurance and employee-benefit related services." The number includes both full and part-time employment.) The 16,000 jobs reflect the difference between 2010 and 2013 totals. The most recent year available was 2013.

² Average compensation per job is based upon regional data published by the U.S. Department of Commerce, Bureau of Economic Analysis, for 2013 (most recent year available). It is calculated by dividing \$12,352,852,000 (i.e., "Private nonfarm compensation: insurance carriers and related activities" for Florida) by 194,299 (i.e., "Private nonfarm employment: insurance carriers and related activities" for Florida). This information can be found at: <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4#reqid=70&step=1&isuri=1>.

³ The cited jobs number is from regional data published by the U.S. Department of Commerce, Bureau of Economic Analysis, under "Private nonfarm employment: insurance carriers and related activities" for Florida for 2013 (most recent year available). It can be found at:

<http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4#reqid=70&step=1&isuri=1>.

⁴ Florida Office of Insurance Regulation, Citizens Take-Out Spreadsheet, Total Policies Approved and Assumed 2015 and Total Policies Approved and Assumed 2014.

⁵ Citizens Property Insurance Corporation, Book of Business, Archived Policies in Force, Policies-in-Force Snapshot, 06.30.15 and 06.30.12, located at: <https://www.citizensfla.com/about/bookofbusiness/>.

⁶ Citizens Property Insurance Corporation, Book of Business, Archived Policies in Force, Policies-in-Force Snapshot, 06.30.15 and 06.30.12, located at: <https://www.citizensfla.com/about/bookofbusiness/>.

⁷ NAIC Scorecards: State Insurance Regulation in California Key Facts and Market Trends, Overview of the 2014 Insurance Market In California, Cost of Regulation in California, p. 1; State Insurance Regulation in Florida: Key Facts and Market Trends, Overview of the 2014 Insurance Market In Florida, Cost of Regulation in Florida, p. 1; State Insurance Regulation in New York: Key Facts and Market Trends, Overview of the 2014 Insurance Market In New York, Cost of Regulation in New York, p. 1; State Insurance Regulation in Texas Key Facts and Market Trends, Overview of the 2014 Insurance Market In Texas, Cost of Regulation in Texas, p. 1; State Insurance Regulation: Key Facts and Market Trends Overview of the United States Insurance Market 2014, p. 3.

⁸ Section 120.80(9), F.S.

⁹ Section 120.60(1), F.S.

¹⁰ Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on July 8, 2015 retrieval.

¹¹ See note 2.

¹² Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on July 8, 2015 retrieval.

¹³ Compiled by the Florida Office of Insurance Regulation from NAIC CY 2014 company-reported premium data.

¹⁴ Premium data based on May 7, 2015, retrievals from NAIC and Office FAME data reported for Calendar Year 2014.

¹⁵ National Association of Insurance Commissioners, 2014 Premium Volume -- Worldwide (An Alternative Look), 2015.

¹⁶ The average rate change is based upon rate filings submitted to the Florida Office of Insurance Regulation.

¹⁷ Florida Office of Insurance Regulation, 2014 Report on Review of the Data Call Pursuant to House Bill 119--Motor Vehicle Personal Injury Protection (PIP) Insurance, January 2015.

¹⁸ See note 17, p. 41.

¹⁹ See note 17, p. 41.

²⁰ Florida Office of Insurance Regulation.

²¹ Florida Office of Insurance Regulation.

²² Willis Re, Florida Domestic Insurance Market—Primarily Property Writers, 2014 Year End Statutory Results (March 2015).

²³ Calculated from information contained in the NAIC Financial Data Repository.

²⁴ For purposes of this report, "Residual market premium" means insurance premium written by the insurer of last resort. In Florida, this would include, among others, Citizens, the Florida Life and Health Insurance Guaranty Association, and the Florida Workers' Compensation Joint Underwriting Association.

²⁵ Public Law 111-148; 124 STAT. 119 (March 23, 2010).

²⁶ Public Law 114-1; 129 STAT. 3 (January 12, 2015).

LRPP Exhibit II - Performance Measures and Standards

43900000 Financial Services Commission				
Office of Insurance Regulation				
Approved Performance Measures for Fiscal Year 2015-16	Approved Prior Year Standard FY 2014-15 (Numbers)	Prior Year Actual FY 2014-15 (Numbers)	Proposed Revised Standards for FY 2015-16 (Numbers)	Requested FY 2016-17 Standard (Numbers)
43900110 Compliance and Enforcement				
Percentage of life and health form and rate filing reviews completed within 45 days.	90%	99.7%	90%	90%
Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.	90%	99.8%	90%	90%
Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.	98%	100%	98%	98%
Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.	98%	100%	98%	98%
Percentage of market conduct examinations with violations in which the Office takes enforcement action.	85%	100%	85%	85%
Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.	98%	100%	98%	98%
Percentage of priority Financial Analyses completed within 60 days.	98%	99.3%	98%	98%
Percentage of non-priority Financial Analyses completed within 90 days.	95%	99.8%	95%	95%
43900120 Executive Direction and Support Services				
Administrative costs as a percentage of total agency costs.	10%	4.6%	10%	10%
Administrative positions as a percentage of total agency positions.	10%	5.2%	10%	10%

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 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	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	99.7%	9.7%	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 measure reflects a 45-day timeframe for Office completion of life and health form and rate filings.. The superior performance reflects Office innovations and staff productivity. Several review teams from within the Office received state productivity awards. .

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.

Action:

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

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	99.8%	9.8%	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 measure reflects a 45-day timeframe for Office completion of property and casualty form filings and 90 days for property and casualty rate filings. The superior performance reflects Office innovations and staff productivity. Several review teams from within the Office received state productivity awards.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

Action:

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

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	100%	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 measure sets forth the statutory timeframe as the standard for the Office when processing complete certificates of authority.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 Days.

Action:

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

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	100%	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 measure accelerates the timeframe for the Office to process a new certificate of authority from the statutorily required 180 days to 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:

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 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	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	100%	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 measure gauges the extent to which the Office requires company remediation of violations identified in a market conduct examination.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: 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 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	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	100%	2%	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 measure sets forth the timeframe for the Office to complete financial examinations. This timeframe is consistent with NAIC accreditation standards.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of priority Financial Analyses completed within 60 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 | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	99.3%	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 measure sets forth the timeframe for the Office to complete priority financial analyses. The shorter timeframe reflects the priority status and is consistent with NAIC accreditation standards.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of non-priority Financial Analyses completed within 90 days.

Action:

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

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	99.8%	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 measure sets forth the timeframe for the Office to complete nonpriority financial analyses. It assigns a lower priority to analyses where there are minor or no violations. The longer timeframe reflects the lower priority status and is consistent with NAIC accreditation standards.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: 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 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	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	4.6%	(5.4%)	(5.4%)

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:

Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative costs.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Executive Direction and Support Services

Measure: Administrative positions as a percentage of total agency positions.

Action:

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

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	5.2%	(4.8%)	(4.8%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative costs. .

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 IV: Performance Measure Validity and Reliability

Department: Office of Insurance Regulation

Program: Financial Services Commission

Budget Entity: Compliance and Enforcement

Measures:

- 1) Percentage of life and health form and rate filing reviews completed within 45 days.
- 2) Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.
- 3) Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.
- 4) Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.
- 5) Percentage of market conduct examinations with violations in which the Office takes enforcement action.
- 6) Percentage of Financial Examinations of domestic insurers completed within 18 months of the 'as of' exam date.
- 7) Percentage of priority Financial Analyses completed within 60 days.
- 8) 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.

N/A

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

Measures:

- 9) Administrative costs as a percentage of total agency costs.
- 10) Administrative positions as a percentage of total agency positions.

Action (check one):

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

N/A

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

Measure Number	Approved Performance Measures for Fiscal Year 2015-2016	Associated Activities Title
1	Percentage of life and health form and rate filing reviews completed within 45 days.	Review and approve rate and form filings.
2	Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days.	Review and approve rate and form filings.
3	Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.	Approve and license entities to conduct insurance business.
4	Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.	Approve and license entities to conduct insurance business.
5	Percentage of market conduct examinations with violations in which the Office takes enforcement action.	Conduct and direct market conduct examinations.
6	Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.	Conduct financial reviews and examinations.
7	Percentage of priority Financial Analyses completed within 60 days.	Conduct financial reviews and examinations.
8	Percentage of non-priority Financial Analyses completed within 90 days.	Conduct financial reviews and examinations.
9	Administrative costs as a percentage of total agency costs.	Operate agency in an efficient manner.
10	Administrative positions as a percentage of total agency positions.	Operate agency in an efficient manner.

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2014-15	
SECTION I: BUDGET		OPERATING	FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		321,914,771	3,461,442
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		1,293,390	0
FINAL BUDGET FOR AGENCY		323,208,161	3,461,442
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost
		(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)			3,461,442
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.	6,488	60.91	395,173
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.	65,278	16.26	1,061,667
Investment Of Public Funds * Dollar Volume of Funds Invested	22,300,000,000	0.00	718,046
Provide Cash Management Services * Number of cash management consultation services.	33	31,779.00	1,048,707
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.	2,800,000	0.60	1,680,077
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.	1,644,859	1.03	1,696,827
Accounting And Reporting Of State Funds * State Accounts Managed In The Florida Accounting Information Resource System.	35,777	128.07	4,581,909
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.	9,017,888	0.12	1,072,539
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements	328,808	13.00	4,274,589
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements	9	247,533.22	2,227,799
Process State Employees Payroll * Payroll payments issued	2,966,278	0.81	2,413,548
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes	11	16,749.73	184,247
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.	16	57,898.13	926,370
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.	2,036,306	1.40	2,843,734
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.	388,323	8.05	3,126,903
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.	7,182	74.49	534,992
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.	15,566	262.12	4,079,963
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.	573	922.43	528,555
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.	1,344	459.54	617,624
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.	3,324	4,262.97	14,170,113
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.	203,753	9.95	2,028,188
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.	8,349	114.60	956,817
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.	11,637	99.65	1,159,605
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.	2,773,057	0.15	426,207
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.	21,066	1,635.55	34,454,489
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.	4,363	3,295.51	14,378,324
Process Property Claims On State Owned Buildings (Structure And Contents) * Number of state property loss/damage claims worked.	168	14,899.10	2,503,048
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.	1,228	1,928.70	2,368,443
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.	35	18,308.71	640,805
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.	115,935	23.93	2,774,714
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.	40,046	35.23	1,410,653
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.	1,705,434	0.42	723,554
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.	214,881	1.96	421,347
Investigate Agents And Agencies * Number of agent and agency investigations completed.	3,405	1,761.00	5,996,189
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).	1,389	12,878.18	17,887,791
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).	697	7,371.29	5,137,791
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.	57,596	72.82	4,194,246
Provide Consumer Education Activities * Number of visits to the Consumer Services website.	282,586	2.36	666,620
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.	334,348	14.08	4,707,737
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.	1,723	1,330.14	2,291,839
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.	87,525	49.88	4,365,556
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.	34,282	405.58	13,903,974
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.	1,049	4,675.48	4,904,583
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.	2,514	538.11	1,352,812
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.	121,030,038	0.01	688,804
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.	5,561,949	0.68	3,791,162
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually	8,858	170.60	1,511,208
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.	3,689	1,629.83	6,012,427
Approve And License Entities To Conduct Insurance Business * Number of Certificates of Authority processed	96	9,810.43	941,801
Conduct And Direct Market Conduct Examinations * Number of examinations and investigations completed for licensed companies and unlicensed entities	597	5,343.24	3,189,913
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.	7,896	2,090.83	16,509,205
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.	14,134	589.09	8,326,196
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.	178	26,144.57	4,653,733
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.	18,568	104.50	1,940,404
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.	200	61,643.59	12,328,718
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.	24	32,059.67	769,432
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.	189	19,440.47	3,674,248
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance. * Examinations of money services businesses conducted to determine compliance with regulations.	595	9,942.79	5,915,961
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.	282	21,640.65	6,102,664
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.	56,750	45.76	2,596,872
TOTAL			256,796,462
SECTION III: RECONCILIATION TO BUDGET			
PASS THROUGHS			
TRANSFER - STATE AGENCIES			
AID TO LOCAL GOVERNMENTS			
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS			1,045,371
OTHER			35,556,811
REVERSIONS			29,809,540
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)			323,208,184
			3,461,442

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	299,651	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	610,880	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	10,335,380	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	565,297	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	2,745,964	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	123,912	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	2,370,275	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	12,358,029	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,864,892	
43500400	1205000000	ACT9010	TRANSFER TO FLORIDA CATASTROPHIC	1,500,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,532,531	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	323,208,161	3,461,442
TOTAL BUDGET FOR AGENCY (SECTION III):	323,208,184	3,461,442
	-----	-----
DIFFERENCE:	23-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====



FLORIDA OFFICE OF FINANCIAL REGULATION

www.FLOFR.com

DREW J. BREAKSPEAR
COMMISSIONER

Long Range Program Plan

September 30, 2015

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 2016-17 through Fiscal Year 2020-21. 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,

A handwritten signature in blue ink that reads "J. Ross Nobles".

J. Ross Nobles
Chief Financial Officer
Office of Financial Regulation



FLORIDA OFFICE OF FINANCIAL REGULATION

www.FLOFR.com

DREW J. BREAKSPEAR
COMMISSIONER

Long Range Program Plan

Fiscal Years 2016-17 to 2020-21

September 30, 2015

**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: Improving taxpayer value

GOAL #2: Delivering value to businesses

GOAL #3: Promoting a safe and sound financial marketplace

GOAL #4: Improving customer service

AGENCY SERVICE OUTCOMES

PRIORITY #1: Improving taxpayer value

OBJECTIVE 1A: Improve metrics to measure agency results to foster an atmosphere of continuous improvement

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 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
100%	100%	100%	100%	100%	100%

PRIORITY #2: Delivering value to businesses

OBJECTIVE 2A: Improve service to Securities applicants and registrants by processing submissions in a timely manner

OUTCOME 2A-1: Percentage of Securities registration applications processed within the Administrative Procedures Act

Baseline Year 2007-08	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
100%	100%	100%	100%	100%	100%

OBJECTIVE 2B: Improve service to Consumer Finance applicants and registrants by processing submissions in a timely manner

OUTCOME 2B-1: Percentage of Consumer Finance license applications processed within the Administrative Procedures Act

Baseline Year 2008-09	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
100%	100%	100%	100%	100%	100%

OBJECTIVE 2C: Provide fair, balanced and responsive service to Division of Financial Institutions' customers, the state chartered or licensed financial institution.

OUTCOME 2C-1: Percentage of financial institutions rating OFR high-performing.

Baseline Year 2002-03	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
77%	97%	97%	97%	97%	97%

PRIORITY #3: Promoting a safe and sound financial marketplace

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 as required by S. 655.045(1), F.S.

Baseline Year 2002-03	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
50%/100%	100%/100%	100%/100%	100%/100%	100%/100%	100%/100%

OBJECTIVE 3B: Examine all money services businesses within statutory timeframes

OUTCOME 3B-1: Percentage of money services businesses examined within the last 5 years as required by S. 560.109, F.S.

Baseline Year 2015-16	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
100%	100%	100%	100%	100%	100%

OBJECTIVE 3C: Examine companies and individuals regulated under the Florida Securities & Investor Protection Act to more effectively protect Florida investors

OUTCOME 3C-1: The number of complex Securities examinations completed

Baseline Year 2009-10	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
41	100	105	110	115	120

OBJECTIVE 3D: Ensure effectiveness of financial investigations through consistent application of administrative, civil and/or criminal enforcement action against individuals or entities that conduct fraudulent or illegal financial services activities

OUTCOME 3D-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 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
80%	85%	85%	85%	85%	85%

OBJECTIVE 3E: Improve investigative efficiency by reducing the time required to prepare a legally sufficient case for potential enforcement action

OUTCOME 3E-1: Percentage of priority investigations accepted by prosecutors or OFR legal counsel for enforcement action with in 12 months of case opening

Baseline Year 2009-10	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
60%	65%	67%	69%	70%	72%

PRIORITY #4: Improving Customer Service

OBJECTIVE 4A: Improve customer service provided by the Division of Securities by reducing the overall call wait time

OUTCOME 4A-1: Reduce the average time it takes from receipt of an incoming call until the call is answered

Baseline Year 2014-15	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
2.33 minutes	2 minutes	1:45 minutes	1:40 minutes	1:35 minutes	1:30 minutes

LINKAGE TO GOVERNOR'S PRIORITIES

The Office of Financial Regulation has closely linked its Legislative Budget Request to the second and third of three priorities identified by Governor Scott:

ADD second and third.

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 Florida Office of Financial Regulation (OFR) regulates a remarkably dynamic financial industry that is affected by diverse economic conditions. Florida's economy is recovering and continuing to show progress.

Many economic indicators are showing positive signs of recovery:

- Population growth is recovering
- State Gross Domestic Product grew with real growth gain of 2.7%
- Florida's personal income grew
- Unemployment continues to improve
- Low gas prices are a boon¹

However, there are also signs of slow improvement:

- Existing home sales have been essentially flat since February 2009 through 2011 and while there was strong growth in the last two years, growth this year is only 1.6% above prior year.²
- 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 points³. Median sales price of existing homes have flattened and fallen since gains made in early summer and is currently -22.5% below peak pricing.⁴
- In July 2015, Florida was #1 in the nation in the foreclosure rate for the fifth consecutive month and had 8 of the top 10 highest metro area rates of foreclosure in the nation.⁵

Population growth is Florida's primary engine of economic growth, fueling both employment and income growth.⁶ The population growth hovered between 2.0% and 2.6% from the mid-1990s to 2006, before slowing and crossing into negative territory in 2009. Population growth is expected to remain relatively flat, averaging 1.3% 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

¹ *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, August 26, 2015. Available on line at:

http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-26-15.pdf

² *Florida: An Economic Overview*, , August 26, 2015.

³ *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

⁴ *Florida: An Economic Overview*, August 26, 2015.

⁵ *Florida: An Economic Overview*, August 26, 2015.

⁶ *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

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%.⁷

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).⁸ Florida's growth turned positive in 2010 with a gain of 1.4%.⁹ Florida's GDP showed a real growth gain of 2.7% for calendar year 2014, which was above the national average of 2.2%.¹⁰

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 2014, Florida's personal income grew 4.6%, surpassing the national average of 3.9%.¹¹

The **unemployment** rate in Florida is improving, falling to 6.2% in July 2014 from 11.5% in July 2010. Currently at 5.4%, Florida is slightly below the national rate of 6.4%.¹² 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.¹³

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, long-run sustainable demand caused by population growth and Florida's unique demographics and the aging of the baby-boom generation.¹⁴

⁷ *Florida: An Economic Overview*, The Florida Legislature, Legislative Office of Economic and Demographic Research, September 15, 2014. Available online at:

http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_9-15-14.pdf

⁸ *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

⁹ *Florida: An Economic Overview*, July 23, 2010.

¹⁰ *Florida: An Economic Overview*, August 26, 2015.

¹¹ *Florida: An Economic Overview*, August 26, 2015.

¹² *Florida: An Economic Overview*, August 26, 2015.

¹³ *Economic Perspective*, From the Florida Council of Economic Advisors at Florida TaxWatch, August 2011

¹⁴ *Florida: An Economic Overview*, The Florida Legislature, Legislative Office of Economic and Demographic Research, June 23, 2011. Available online at:

http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_6-23-11.pdf

The state and national economies remain in a state of flux, and Florida's improvement is highly dependent on the national one. For Florida, the major downside risk is the possibility of another U.S. or global recession. The upside possibilities include a strong resurgence of retirees moving to Florida, a better-than-expected global recovery and an increased flow of firms moving to Florida. Tourism will likely be the strongest sector to improve. However, that is also dependent on national economic growth and rising incomes overseas.¹⁵

¹⁵ *Florida: An Economic Overview*, August 21, 2013.

Executive Direction

The OFR is responsible for licensing, chartering, examining and regulating depository and non-depository financial institutions and financial service companies, including state chartered banks, credit unions, trust companies, loan originators, mortgage lenders, securities dealers, investment advisors, consumer collection agencies and money transmitters throughout the State of Florida and, as of July 2015, has over 415,000 licensees. Executive Direction for the OFR includes the Commissioner's Office, the Office of General Counsel, the Office of the Inspector General, and other support staff. It provides direction, executive guidance, legal and administrative support to carry out the OFR's statutory and administrative responsibilities.

In 2008, the OFR consolidated more than 20 legacy information technology systems and paper-based business processes within the Division of Securities Regulation and Division of Consumer Finance into its Regulatory Enforcement and Licensing (REAL) System, an integrated financial regulatory management system. The Division of Financial Institutions was not integrated into REAL at that time and, to this day, is still using multiple non-interconnected Access databases, spreadsheets, and manual processes to regulate over 220 financial institutions and approximately \$100 billion in assets.

The REAL System is critical to OFR-wide operations, and combines core processes for licensing, investigation, examination, legal and complaint functions. In addition, it provides imaging, workflow and document management components to ensure more efficient and effective OFR-wide business operations. Citizens benefit from the system by obtaining complete and accurate information about licensed entities with which to conduct business.

The REAL System was implemented through a system integration and maintenance contract with Accenture, LLP, and was built using Versa Regulation (VR) software, a configurable, Commercial Off-the-Shelf (COTS) product owned and licensed by Iron Data Solution, LLC. Under the implementation contract with Accenture, LLP, the OFR's custom portal was also developed, which provides self-service processing to the general public and to licensees.

In 2011, the OFR entered into a new REAL operations and maintenance contract with Accenture, LLP to continue the ongoing support of the VR software component and custom online portal. This contract is in its final renewal, and will end on 06/30/17. Continuation of these support services through a new contract is critical to the ongoing operations of the system, and the current business functions performed by the OFR. The OFR does not have the technical resources nor expertise required to support its REAL System, and must obtain these services through a new contract.

Therefore, the OFR intends to begin its competitive re-procurement of the operations and maintenance support services in Fall 2015, and enter into a new system support contract in FY 2016-17. At this same time, the OFR will leverage the re-procurement to also migrate the Division of Financial Institutions into REAL and facilitate the movement of the custom portal into a COTS package that will seamlessly integrate into REAL. In light of these needs, the OFR submitted a legislative budget request in September 2015 for the 2016 Legislative Session to request funding for each of these initiatives.

Division of Financial Institutions

Financial Institution Regulation in the United States

All states in the United States operate under a dual-banking system. The term “dual banking system” refers to the dual state-national chartering and regulatory programs established in the United States for commercial banks and credit unions. It is a unique regulatory system that embodies the principle of checks-and-balances on power. The dual banking system provides financial institutions a choice in state or federal chartering, reduces the potential for preferential or unwise actions, and promotes creativity, diversity, and growth.

The “state” component of the dual banking system allows for local oversight, bringing financial institution regulation closer to the citizens, their communities, and state legislative leaders. Laws and regulations can be tailored to meet the particular needs of the communities, providing a more responsive financial system.

State-chartered banks are generally community banks that provide individuals and local businesses with the competitive financial services they need. The accessibility and responsiveness of state regulators, who have a unique interest in and understanding of the needs of the citizens in the state in which they live and work, is not typically matched at the federal level.

Economic Trends and the Impact on Florida State-Chartered Financial Institutions

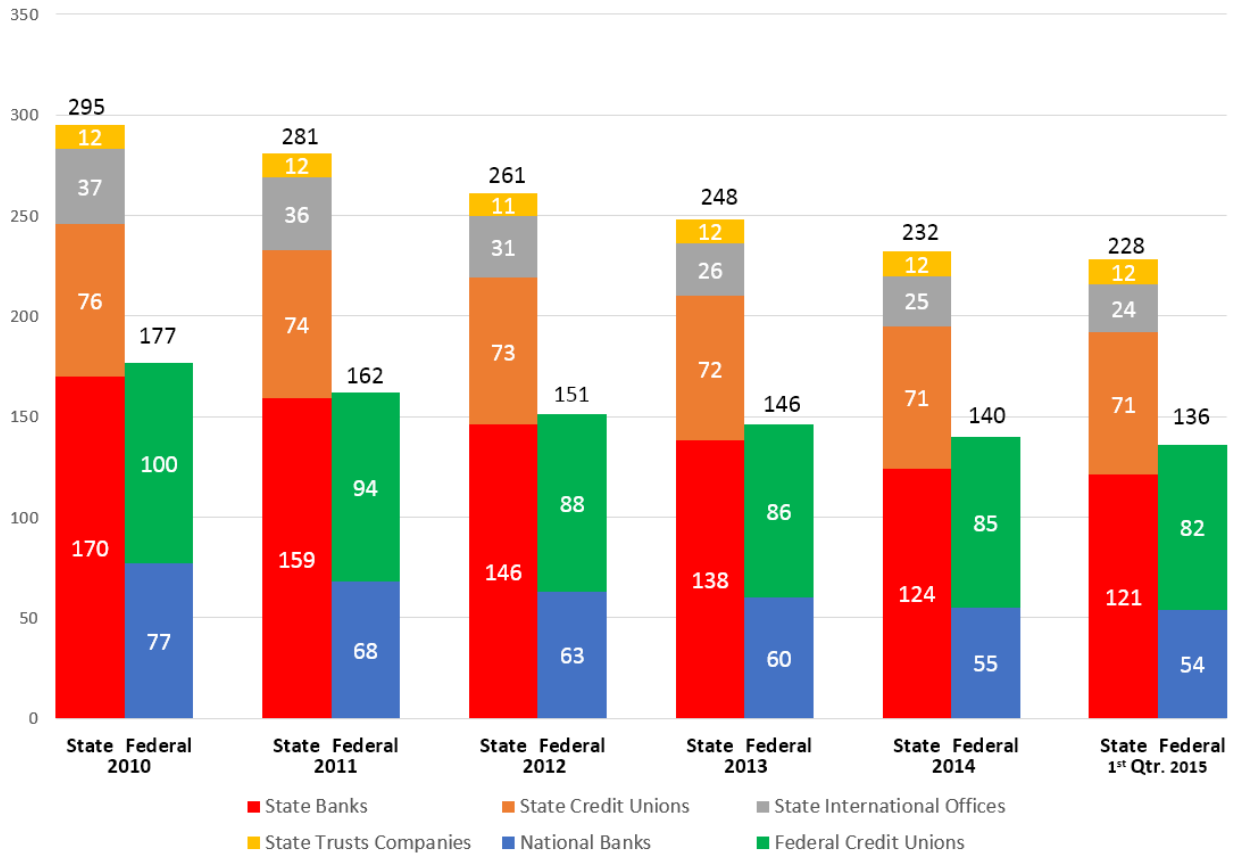
From 1996 to 2009, Florida led the nation in the number of new banks opened, however since 2010, only three (3) new bank charters have been issued nationwide; none of which have been issued by the OFR.

Merger and acquisition (M&A) and consolidation activity has increased over these last few years, brought about by the depletion of capital levels during this most recent economic downturn (Great Recession). These reduced capital levels to a large part are attributed to a decline in portfolio quality and consequently have contributed to reduced valuation multiples in some institutions. These reduced valuation multiples make them desirable acquisition candidates by larger and well capitalized institutions, both within and often times outside of Florida with substantial acquisition seen by nationally chartered institutions as well as Arkansas, Georgia, New Jersey, and Louisiana state chartered banks.

As institutions continue to build and reconstruct their portfolios, they look to build alliances with other institutions and the alliances forged during this process could likely lead to an increase in the number of mergers and acquisitions in years to come. Until further economic recovery is realized and valuation multiples levels increase, the state anticipates little or no de novo bank application activity.

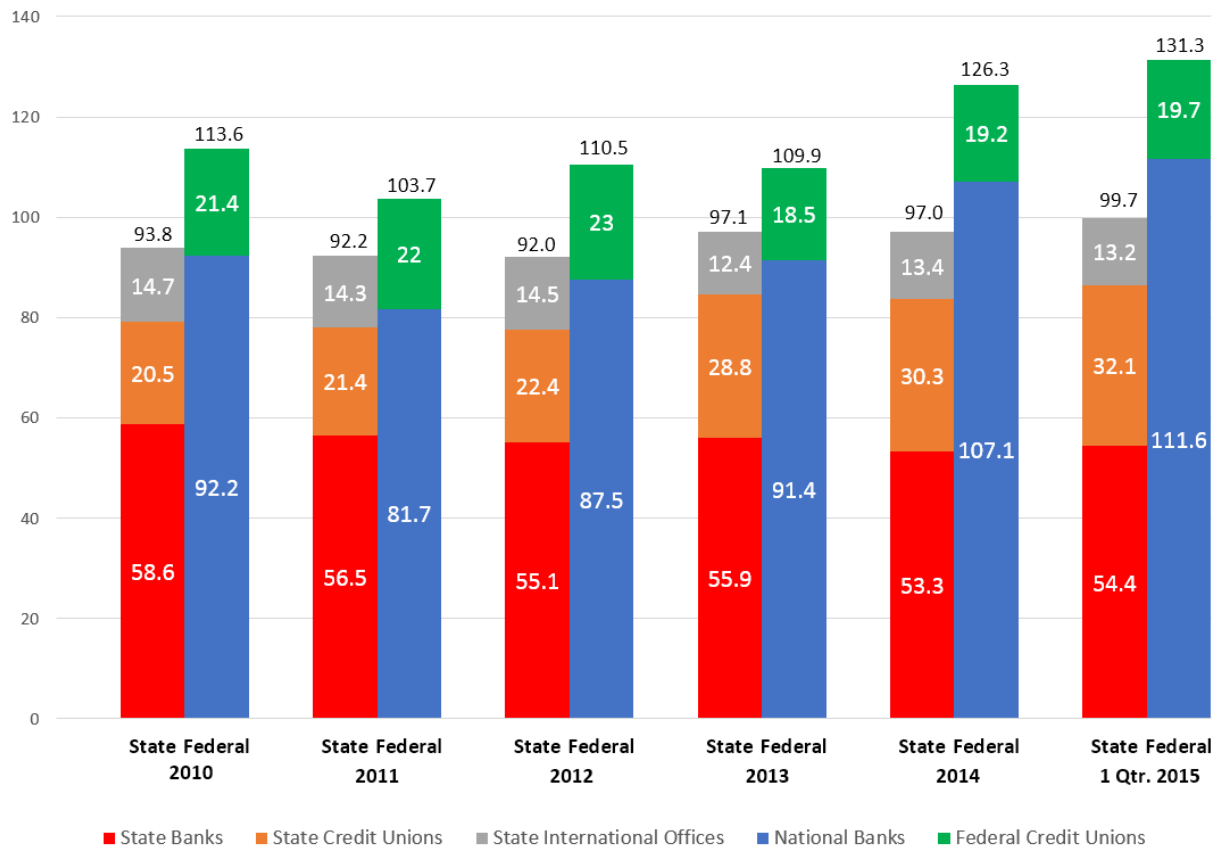
In 2010, there were 472 financial institutions in Florida of which 295 (63%) were Florida State Chartered by OFR. As of the first quarter of 2015, there were 364 financial institutions remaining, a reduction of 108 (-23%) of which 228 (63%) were Florida State Chartered by OFR.

Number of Florida Financial Institutions



While the number of financial institutions have declined since 2010, institutional assets have grown from \$207.4 Billion to \$231 Billion, an increase of \$23.6 Billion (11.4%). The disparity between the number of financial institutions and the total assets is due in part to consolidation among Florida financial institutions. The balance of the disparity is attributed to a cleansing of balance sheets and a general strengthening of portfolio quality primarily in credit unions where only five (5) state charters have been lost, yet credit union assets have grown from \$20.5 Billion to \$32.1 Billion (57%).

Assets of Florida Financial Institutions



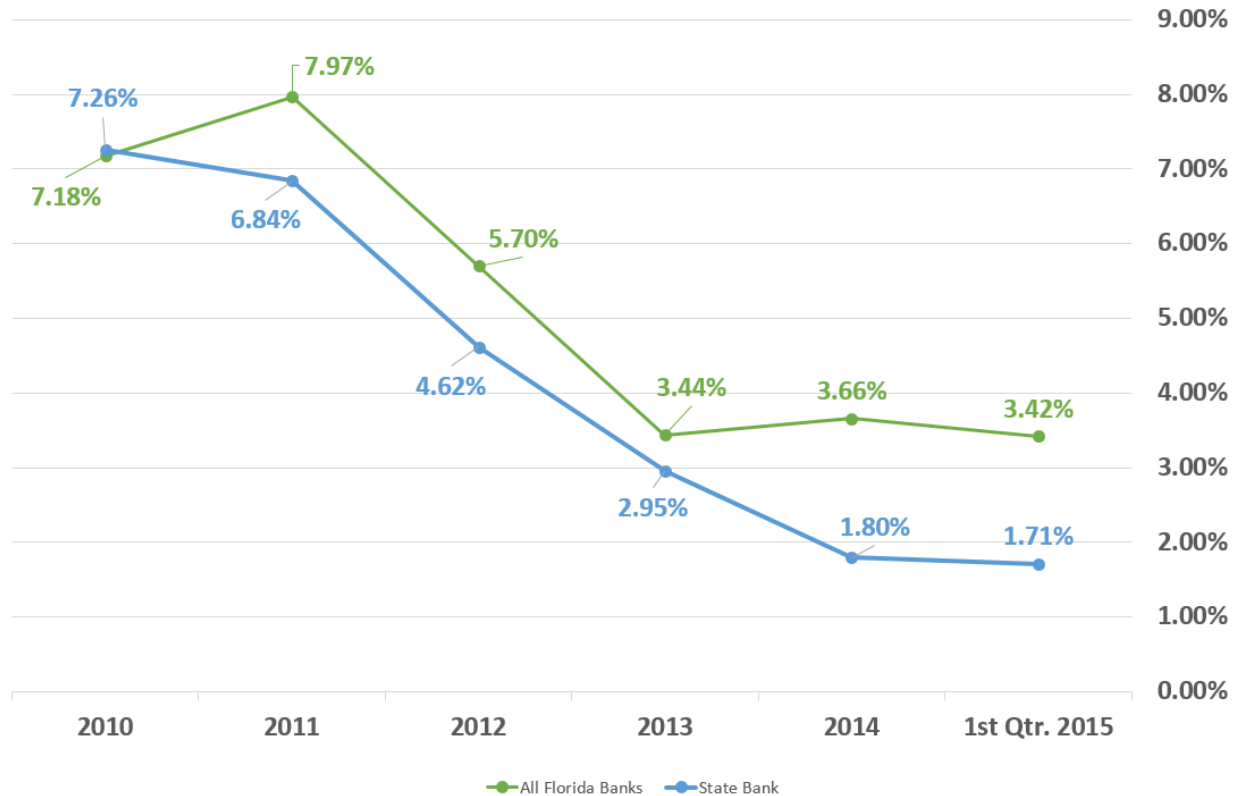
At 2.7%, Florida's GDP growth in 2014 was more robust than in 2013 (2.5%) and 2012 (1.7%) and represents the third straight year of positive growth since 2010. In addition, Florida's growth outpaced the national GDP growth of 2.2% and was tops among states in the southeast. Continued population growth in Florida will serve to fuel both employment and income growth which should serve to stabilize the economy in 2015. Overall, Florida's economy is steadily improving, but is still on the mend and is expected to 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 in a position where loan balances exceeded appraised home values. Consequently, record numbers of Florida homeowners were unable to refinance to lower fixed rate loan products and were either foreclosed upon, or simply walked away from their homes dropping devalued assets onto the already unstable balance sheets of many financial institutions. Although, the foreclosure crisis is now past its peak, Florida's backlog of foreclosure litigation and foreclosed properties remains relatively high and continues to hamper the state 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 or non-performing loans,

resulting in the depletion of equity capital and unprecedented loss of income and earnings.

Trends of Adversely Classified Assets have steadily declined since 2011 from nearly 8% to 3.4% with financial institutions having already taken what appears to be the majority of write downs. Tighter controls over lending and a lower tolerance for risk appear to be the general practice at financial institutions as balance sheets continue to strengthen and portfolio values slowly increase in most areas throughout the state.

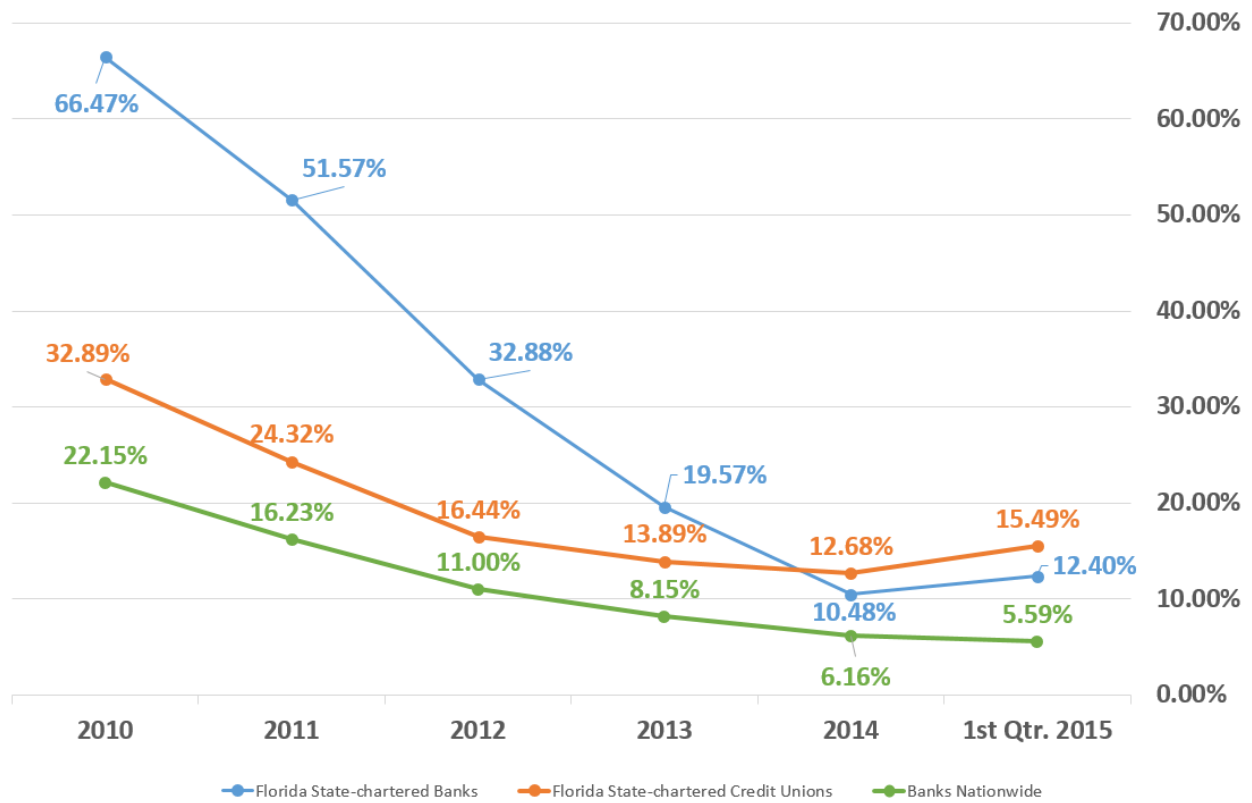
Adversely Classified Assets in Florida Banks



The economy is steadily recovering in housing, personal wealth, and consumer confidence. Trends appear to be geographically impacted with earlier and faster growth in the southeast, central, and northeast regions of the state and later and slower growth in the southwest and northwest regions. With economic conditions improving both on a national and state level, and write-downs already incurred on their balance sheets, our financial institutions are now becoming more profitable and are reporting increases in their capital and earnings levels.

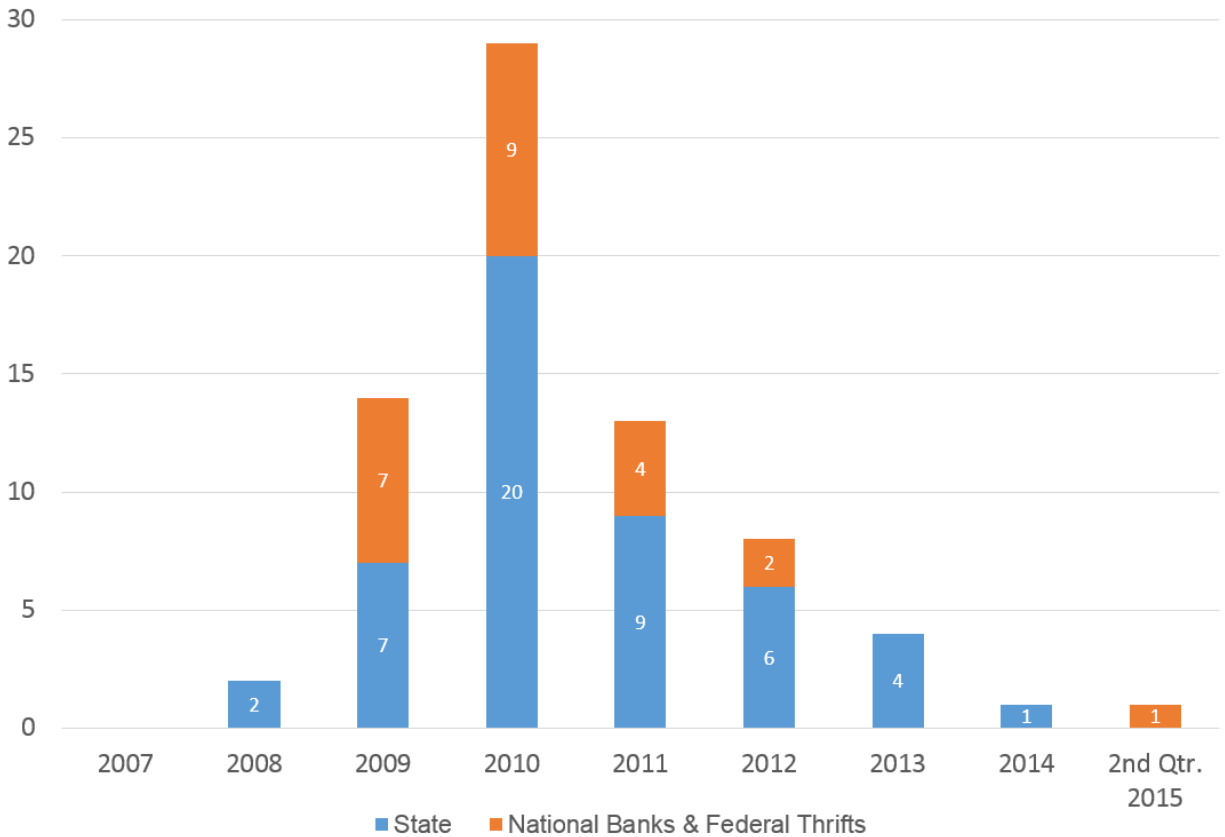
The Division of Financial Institutions (DFI) sees signs of improvement in the overall condition of state-chartered financial institutions. Unprofitable state-chartered banks in Florida have decreased significantly from their peak in 2009 of 73.9% to 12.4% through the first quarter of 2015. State-chartered credit unions improve as well seeing 32.9% of credit unions unprofitable in 2010 but reduced to 15.5% through the first quarter of 2015.

Percent of Unprofitable State-Chartered Banks and Credit Unions Headquartered in Florida



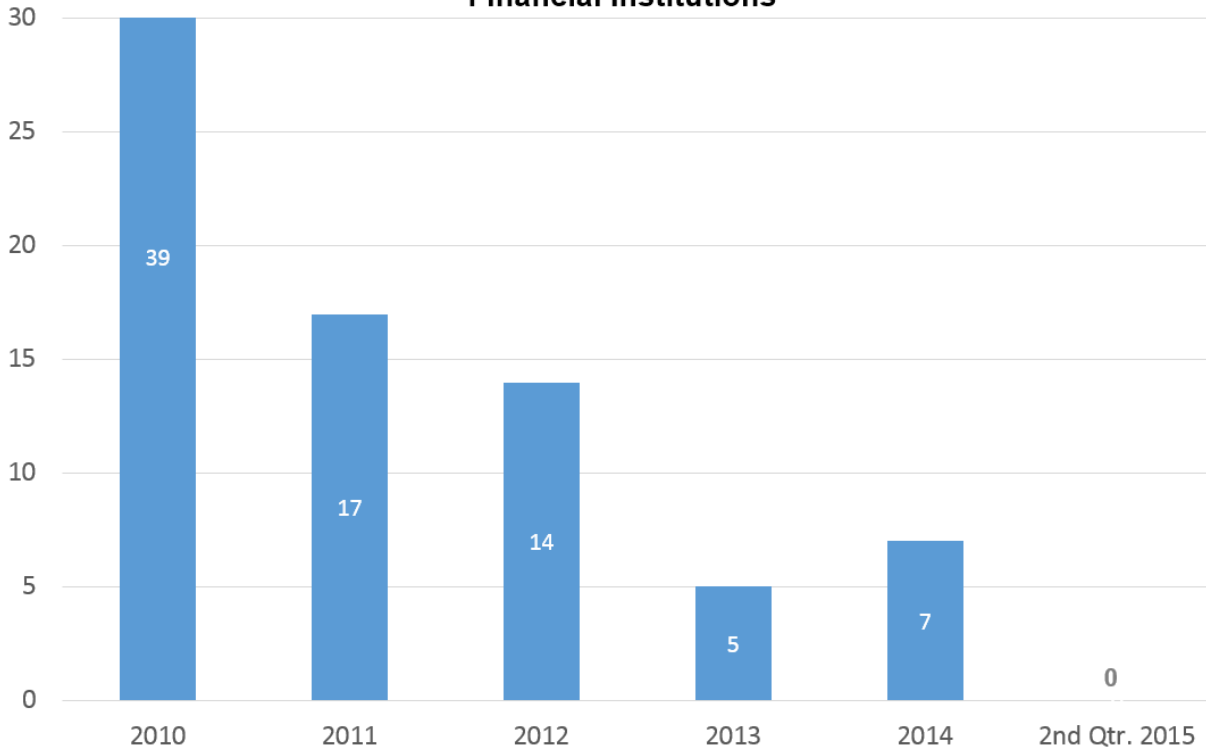
Florida's institutions are now operating in a more safe and sound manner with less institutional failures. Florida experienced one of the highest annual failure rates in the nation during the Great Recession reaching a peak in 2010 with 29 institutions lost to insolvency. Since then, the number of annual failures seen in Florida has declined dramatically to one (1), and continues to decline although some financial institutions remain under considerable stress.

Florida Bank Failures



Another positive sign is the decreasing number of formal enforcement actions (Orders) issued to state-chartered institutions which are found, as a result of examination, to be operating in an unsafe and unsound manner. These Orders represent Consent Orders and Cease and Desist (C&D) Orders and result in more restrictive bank operating practices and more frequent visitations and examinations by OFR. In 2010, there were 39 formal Orders issued (21 Consent and 18 C&D). Since then, there has been a significant downward trend with formal orders with seven (7) Orders issued in 2014 (7 Consent and 0 C&D), and none issued through the second quarter of 2015.

Number of New Formal Orders for Florida State-Chartered Financial Institutions



Improving Taxpayer Value

The Division strives to protect tax payers by conducting both periodic and risk-based examinations of state-chartered financial institutions in search of safe and sound operating procedures and detecting, identifying, investigating and prosecuting violations of the financial institutions codes.

DFI receives and processes complaints in a timely and responsive manner. The primary responsibility of the Division in the complaint process is to facilitate the resolution of complaints by referring them to the appropriate agency and ensuring that consumers receive the best service from decision makers which have jurisdictional power over a particular financial institution. Complaints have decreased from 1,287 in 2010 to 876 (-32%) in 2014. Processing time on complaints has also decreased since 2010 with complaints against non-state-chartered financial institutions going from 4.4 days to 0.2 days and complaints against state-chartered financial institutions going from 26.1 days to 22.4 days.

Deliver Value to Business

DFI introduced one (1) bill (Senate Bill 806) during the 2015 legislative session which addressed amending various statutes within the Financial Institution codes, in particular Chapters 655, 658, 660, and 663, Florida Statutes. The changes provided minor statutory clean-up and were designed to make the statutes less burdensome on financial institutions, more streamlined, and business-friendly. Senate Bill 806 was signed into law by Governor Scott on May 21, 2015.

DFI is focused on growing and stimulating business in the State of Florida by evaluating, processing, and approving license and charter applications for proposed financial institutions and existing financial institutions and evaluating background applications for proposed directors and executive officers of existing financial institutions.

Promote a Safe and Sound Financial Marketplace

During the 2014 legislative session, DFI introduced Senate Bill 1238, the provisions of which are now codified in Chapter 662, F.S. and scheduled to take effect in October, 2015. The Bill authorizes the OFR to license, register, and regulate Family Trust Companies, Licensed Family Trust Companies, and Foreign Licensed Family Trust Companies in Florida. These companies are owned by and provide fiduciary services to family members and family affiliates.

The Division received re-accreditation this year from both the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS). This accreditation which is conducted in five (5) year periodic cycles, reflects the Division's utilization of sound regulatory methodology and determined best practices which meet accreditation standards in the functional areas of administration and finance, personnel, training, examination policies and procedures, supervision, legislative powers, and the ability to rate financial institutions, recognize issues and problems, and initiate effective corrective procedures. The Division's financial institution regulatory program has been accredited for approximately 25 years resulting in good standing with regulatory counterparts such as the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank (FRB), Office of the Comptroller of the Currency (OCC) and the National Credit Union Association (NCUA).

Training continues to be a primary focus for the Division as it looks to develop its field examination teams and continue providing value to our state chartered institutions and the communities of Floridians they serve. The Division continues to look for training options and alternatives through partnerships with the FDIC, CSBS, NASCUS, Florida Bankers Association (FBA) and the University of Florida's and Louisiana State University's Graduate Schools of Banking.

Cybersecurity is an emerging risk in the financial marketplace that continues to grow. Attacks against the finance industry are becoming increasingly sophisticated and highly targeted. To counteract this risk, financial institutions will need to continually update their information security policies, systems, and infrastructures and ensure they remain current with technology best practices.

Financial institutions need to continually develop and enforce their information technology policies that comply with regulations, but also ensure that risk is being minimized for targeted attacks against critical systems such as core banking and customer data. In such a complex, diverse, and rapidly changing environment with as much at stake, oversight by the Division of Financial Institutions is needed.

Currently, only Alaska, Delaware, Florida, Missouri, Montana, New Mexico, Rhode Island, and South Dakota do not perform information technology examinations. Florida's closest peer states (California and New York) have robust information technology exam programs and have had them in place for quite some time. In response to this need, the Division

plans to launch an information technology examination initiative in 2015 which will define the scope of information technology examinations and designate and train specialized examiners to conduct information technology examinations upon state-chartered financial institutions to assure that critical operating systems are functioning in a minimized risk environment and confirm that financial institution's security policies, systems, and infrastructures remain current and operating under technology best practices and in accordance with Financial Institution codes.

Division of Consumer Finance

The objectives of the Division of Consumer Finance (Consumer Finance) directly relate to the OFR's mission. Consumer Finance administers and enforces statutes covering an array of consumer financial services. They include Chapters 494, 516, 520, 537, 559, and 560, Florida Statutes, which cover 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. These statutes are designed to help protect the public from unlawful activities while promoting the sound growth and development of Florida's economy.

Consumer Finance accomplishes its objectives through its Bureau of Registrations (Registrations) by licensing and registering consumer financial businesses and their employees to do business in, to, or from the state of Florida. The Bureau of Enforcement (Enforcement) receives and processes consumer complaints regarding the aforementioned consumer finance industry activities and participants. Enforcement also conducts compliance and enforcement examinations and investigations and develops enforcement actions brought by OFR for violations of its respective consumer finance laws. Both bureaus engage in outreach to industry and consumers groups in addition to regulatory and law enforcement partners throughout Florida and the United States.

Enforcement

The Commissioner of OFR has broad authority to enforce the statutes under Consumer Finance. Registrations recommends to the Commissioner whether to deny, suspend, or revoke licenses of businesses and persons that apply for licensure, or are currently licensed with Consumer Finance. Through cases developed by Enforcement, the Commissioner may seek administrative remedies which include formal remedies in the Division of Administrative Hearings. The Commissioner may also seek civil remedies in civil court including cease and desist orders, civil penalties, fines, freezing of assets or appointment of a receiver.

Enforcement works with OFR's Bureau of Financial Investigations regarding matters warranting criminal prosecution.

Civil, administrative or criminal violations of the consumer finance laws can take many forms, but the most serious violations involve fraudulent conduct and money laundering. Fraudulent conduct involves material misrepresentations or omissions by the perpetrator which frequently result in substantial losses of money or property by the victims. In the mortgage loan origination arena this can involve one of the largest financial transactions a consumer can make, purchasing a home. In the money services businesses arena this can involve tax refund fraud and worker's compensation premium avoidance fraud which can cost businesses and taxpayers in increased premiums and leave workers with inadequate or no insurance coverage for work related injuries.

Registrations and Enforcement maintain close relationships with other state and federal regulatory agencies, the Internal Revenue Service (IRS), the Financial Crimes Enforcement Network (FinCEN) and the Consumer Financial Protection Bureau (CFPB). These relationships result in case referrals, joint or concurrent investigations and enforcement cases, which allow for leveraging of resources, taking advantage of the experience and expertise of each entity, and the ability to prosecute larger, multi-

jurisdictional cases. Referrals of matters to OFR affecting Florida consumers also result from these close relationships.

Enforcement conducts examinations of money services businesses pursuant to a statutorily mandated five (5) year examination cycle. In addition, Enforcement is required to investigate all complaints filed with the OFR regarding Consumer Collection Agencies. For all other finance laws Enforcement does not require “cause” or grounds for legal action to examine a business, so businesses licensed or registered with the division may be subject to an unannounced examination. These examinations typically target businesses 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 violation of law (i.e., fraud or money laundering) or significant risk of consumer harm. These examinations require substantial time and resources and may require complex and lengthy litigation.

Registrations

As of June 30, 2015, there were 11,347 businesses, 59,526 branches/vendors and 19,501 individual licensed in Consumer Finance. Florida ranks in the top three in the nation in the number of consumer finance industries. Registration’s is responsible for the review of 25 different types of applications and with monitoring the activities of existing licensees and registrants.

The objective of licensing and registering individuals, businesses, and branch offices/authorized vendors ensures that only those applicants that meet the standards set by laws and rules are allowed to conduct business in Florida. In instances where the qualifications are not met, denial of the application may be required, thus helping protect consumers.

Applications are reviewed based on the specific laws and regulations depicting the minimum standards by which an individual or business is qualified to act in the capacity of the license. Many of the applications involve a review of criminal backgrounds of the controlling individuals and for mortgage applicants a determination of financial responsibility. Registration analysts are required to conduct a thorough review of each application and communicate with the applicant if there are any deficiencies found in the application. The OFR, as an agency that processes licensing and registration applications, must comply with Chapter 120, Florida Statutes (Administrative Procedures Act or APA) in its review of applications. Failure to adhere to the timelines mandated by the APA could result in the OFR being required to approve an application for a license where the applicant or controlling individuals do not meet the minimum licensing standards thereby placing Florida consumers at risk for financial harm.

Registrations utilizes OFR’s Regulatory Enforcement and Licensing (REAL) System to perform the majority of its licensing activities. In addition to REAL, Registrations also participates in the Nationwide Mortgage Licensing System (NMLS) as mandated by the S.A.F.E. Act, which was enacted in 2008. The S.A.F.E. Act requires all states to utilize the NMLS for licensure filings related to the regulation of the mortgage loan origination industry. The NMLS acts as the portal by which all filings are received and then through programs established within REAL the NMLS data is programmatically entered in REAL where staff completes their review, tracks their progress, and maintains pertinent

information regarding the final decision. NMLS is also the system of record for the states for the information provided in conjunction with their NMLS filings. The OFR retains all other records within REAL that are provided outside of NMLS. Consumer Finance is an active state participant in the policies, procedures, and future development and enhancements of the NMLS through the division director's current participation as an NMLS Policy Committee Member. Because Florida is ranked in the top three states in number of mortgage licensees OFR considers it extremely important to maintain an active role in the future of NMLS to ensure it can meet its mission of providing efficient and effective regulation.

Improving Taxpayer Value

The OFR continues to focus on enhancing taxpayer value. With expanded data collection and analysis, Consumer Finance has been able to make data-driven decisions and create performance measures to improve productivity without increasing staffing.

A goal of Consumer Finance is to annually review all existing performance measures to ensure they are meaningful and "results" oriented.

Delivering Value to Businesses

In the past several years, the average time that it takes OFR to approve a license has dropped from 22 days to four days. Consumer Finance strives to improve service to its applicants and licensees by processing submissions in a timely manner.

Providing quick, responsive service to applicants is a current measure for Consumer Finance on the agency Loan Range Program Plan. The Administrative Procedures Act requires that all applicants for licensure be notified of application deficiencies or outstanding concerns within 30 days of receipt of the application. Consumer Finance has on average notified applicants of deficiencies within four days. This is substantially quicker than required by the statutory timeframe.

Overall, Consumer Finance approves an application for a license within 7 calendar days. However, the average number of days it takes Consumer Finance to approve a mortgage lender license application is 38 days. Consumer Finance is looking for ways to improve the application process for mortgage lenders so the average number of days to approve this license can be reduced to no more than 35 days while at the same time not compromising on the quality of its review.

Promoting a Safe and Sound Marketplace

Part of the agency's mission is to foster a safe and sound marketplace. The Division of Consumer Finance is mandated to examine money services businesses at least once every five years. Looking over the last couple of years the Division has identified an increase in the percentage of examinations resulting in administrative action. During Fiscal Year 2014-15, 86% of Consumer Finance examinations resulted in administrative action.

Consumer Finance has embarked on an education and outreach initiative to improve compliance by money services businesses which should result in a reduction of the percentage of examinations resulting in administration action in the years to come.

Because examinations typically assess compliance with Florida laws and rules by looking back two years, the effects of this initiative may not be fully realized for at least one examination cycle.

The education and outreach initiative will include periodic newsletters to targeted groups of licensees. The first newsletter was sent via email on August 7, 2015 and the Division plans for additional newsletters to be sent monthly.

This initiative will be a significant step towards promoting a stronger and safer consumer finance industry.

Division of Securities

The mission of the 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 firms and their employees to do business in, to or from the state of Florida. The Bureau of Enforcement (Enforcement) receives and processes consumer complaints regarding securities industry activities and participants. Enforcement conducts examinations of securities firms and their employees and develops enforcement actions brought by OFR for violations of the securities laws.

The Commissioner of OFR has broad authority to enforce the Act. Registrations recommends to the Commissioner whether to deny, suspend, revoke or restrict the registrations of firms and persons that apply for registration, or are currently registered under the Act. Through cases developed by Enforcement, the Commissioner may seek administrative remedies in the Division of Administrative Hearings or civil remedies in court including cease and desist orders, civil penalties, fines, restitution, disgorgement, rescission, freezing of assets or appointment of a receiver.

Registrations and Enforcement maintain close relationships with other states and Canadian securities regulators through the North American Securities Administrators Association (NASAA), the organization of U.S. state and Canadian provincial and territorial securities regulators; the U.S. Securities and Exchange Commission (SEC); self-regulatory organizations (SROs), e.g., the Financial Industry Regulatory Authority (FINRA), which regulates its securities broker dealer industry members; and state and local prosecutors and law enforcement. 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 OFR affecting Florida investors also result from these close relationships.

Both bureaus engage in outreach to consumers and selected groups, such as seniors, the securities industry and the Florida Bar.

Enforcement

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 appear 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.

Enforcement works with OFR's Bureau of Financial Investigations regarding matters warranting criminal prosecution.

Civil, administrative or criminal violations of the Act can take many forms, but the most serious violations involve fraudulent conduct. Fraudulent conduct involves material misrepresentations or omissions by the perpetrator to prospective or actual investors which frequently result in substantial losses of money or property by the victims. In the securities realm, this often involves one or more sales practice abuses.

Securities staff also has the ability to jointly investigate 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.

Registrations

As of June 30, 2015, there were 8,216 dealer and investment adviser firms, 10,531 branches and 306,341 individual associated persons actively registered with 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.

Applicants 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.

Once firms and individuals become 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 21,000 disciplinary updates on registrants in Fiscal Year 2014-15. Updated disciplinary and background information is carefully reviewed to determine if there are legal grounds to take regulatory action.

Registrations participates in the Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) systems, which are national databases of dealers and investment advisers and their associated persons. CRD and IARD are jointly administered by NASAA and FINRA on behalf of OFR and the other state securities regulators. OFR registers securities dealers and associated persons conducting business in, to or from Florida, and FINRA registers its member dealers through the CRD. OFR registers investment advisers with up to \$100 million in assets under management and associated persons of all investment advisers conducting business in Florida and the SEC registers the investment adviser firms over the \$100 million threshold through the IARD.

Improving Taxpayer Value

The OFR continues to focus on enhancing taxpayer value. With expanded data collection and analysis, Securities has been able to make data-driven decisions and create performance measures to improve productivity without increasing staffing.

A goal of Securities is to annually review all existing performance measures to ensure they are meaningful and “results” oriented.

Delivering Value to Businesses

In the past several years, the average time that it takes the OFR to approve a license has dropped from 22 days to four days. Securities strives to improve service to its applicants and registrants by processing submissions in a timely manner.

Providing quick, responsive service to applicants is a current measure for Securities on the agency Long Range Program Plan. Overall, Securities sends notices of deficiency to an applicant within 9 calendar days from receipt of their application. The Florida Administrative Procedures Act requires that all applicants for licensure be notified of application deficiencies or outstanding concerns within 30 days from receipt of the application. Securities notifications of deficiency are provided substantially quicker than required by the statutory timeframe.

Within Securities, for dealers that sell their own securities (a.k.a. Issuer Dealers), the average number of days to issue a deficiency letter from receipt of application is currently 12 calendar days. Securities is looking at ways to improve the review process so the days to issue deficiency letters for these applicants can be reduced to 11 days.

For investment adviser firms (IAs) with assets under management of \$100 million or less, the average number of days to issue a deficiency letter from receipt of an application is currently 15 calendar days. Securities is looking for ways to improve this process so the days to issue deficiency letters for IAs will be reduced to 10 days. Applications for issuer dealers and IAs are detailed, larger and more complex than other types of applications, and the review process is more time consuming and intensive.

The average timeframe to issue deficiency letters at the division level in Texas, another jurisdiction with similar staffing levels and licensees, is 18 days, compared to Florida's 9 days.

Promoting a Safe and Sound Marketplace

As part of the agency's measure to foster a safe and sound marketplace, Securities evaluated its regulatory responsibilities following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 relating to the regulation of Investment Advisers.

Dodd-Frank made the states the sole regulator of investment advisers with up to \$100 million (from the previous \$25 million) in assets under management. In FY 2012-13, Securities re-evaluated its examination program and determined that the risk-based approach to examination of investment advisers would no longer meet the consumer protection needs of Floridians. As the sole regulator, Securities determined it would be more prudent to examine all investment advisers domiciled in Florida on a 5-year cycle.

At present, Securities has approximately 1,600 investment advisory firms registered in Florida, with approximately 1,025 domiciled within the state. Since the implementation of the cycle examination program, the number of investment adviser examinations resulting in action has been approximately 13.3%. It is the belief that with a cycle examination program the culture of compliance within the population of investment advisory firms will increase while the number of formal actions brought for violations will decrease following the first full 5-year cycle. Many firms presently being examined, either due to previously being considered "low risk" or a firm previously regulated at the federal level by the U.S. Securities and Exchange Commission, are now being examined by a regulator for the first time.

Additionally, during Fiscal Year 2013-14, Securities began holding a pre-registration conference with new investment adviser applicants to discuss registration maintenance, record keeping and compliance requirements after registration. In Fiscal Year 2014-15, rules related to investment advisers with custody were amended to conform more closely with other states and to provide a logical organization of the custody requirements for each type of custody.

Securities also sends a user-friendly guide to newly registered investment advisers to assist them in understanding their compliance obligations. This guide is available for all investment advisers via the agency website. The guide was recently amended to reflect the rule revisions noted above.

These efforts, coupled with industry outreach to provide state registered investment advisers information regarding its rules and regulations and common violations detected during examinations, promote a stronger and safer investment advisory industry.

Improving Customer Service

Lastly, Securities has reviewed its call wait time trends and identified this as an opportunity to improve customer service. Since 2013-14, Securities has seen call wait

time increase, and is looking at ways to reduce this trend. For this reason, Securities has set a goal to reduce call wait time by 30 seconds in 2015-16. By sharing customer service responsibilities among division staff, Securities hopes to improve the division's call wait time to one minute and forty-five seconds.

Bureau of Financial Investigations

The Bureau of Financial Investigations (BFI) is a criminal justice agency with investigative teams located in Tallahassee, Orlando, Tampa, West Palm Beach and Miami. The Bureau generally conducts financial crimes investigations involving securities and lending fraud. Cases are prioritized and resources are typically devoted to matters that significantly impact the citizens of Florida. The Bureau also participates in joint investigations with local, state and federal law enforcement agencies.

Cases are presented to OFR attorneys and/or criminal prosecutors for appropriate enforcement action. Once an investigation is accepted for administrative, civil, or criminal prosecution, the Bureau continues to lend support and expertise until the final disposition of the case.

Most investigations originate from consumer complaints, referrals from other agencies, confidential sources and coordination with law enforcement. The BFI also works with staff from the Divisions of Securities, Consumer Finance and Financial Institutions to enforce the securities, consumer finance and banking laws of the state.

Securities Fraud

As has been the historical norm, the BFI continues to deploy a majority of its resources to investigate investment fraud. Common schemes include those that target retirees and others seeking low risk, fixed return investments that generate income, schemes that use dating sites to locate potential victims, Ponzi schemes in which new investor funds are used to pay returns to earlier investors, boiler room scams and affinity frauds.

The stock market has performed well from 2012 through the first half of 2015 and a strong market usually helps to mask illegal activity. The BFI traditionally sees a spike in customer complaints and investigations in the time period subsequent to a meaningful downward movement in the overall stock market.

Fixed Returns

Interest rates continue to be historically low which can tempt investors to chase higher yields by investing in unregistered, non-traditional investment opportunities that are often fraudulent. The BFI continues to investigate schemes that target retirees by offering them low or no risk investments coupled with a promise to pay them above market rate returns. In one such case, two men were sentenced to 10 years in prison in 2015 after pleading guilty to perpetrating a scheme that bilked 181 investors out of nearly \$19 million through advertisements placed in local newspapers touting FDIC insured certificates of deposit (CDs) with high rates of return. Funds raised through CD sales were not used to purchase CDs, but rather were used to pay returns to other investors in the form of interest payments, as well as to pay the personal expenses of the defendants. The victims were largely retirees seeking an income producing investment.

Dating Site Scams

The BFI continues to see situations in which conmen join popular dating sites to perpetrate financial exploitation schemes. The conmen approach the prospective victim

romantically, but soon begin to perpetrate a fraud that ends in the victim being separated from his or her nest egg.

In 2015, a Florida man was sentenced to 20 years in prison after being convicted of perpetrating a scheme that defrauded dozens of women. The defendant operated a “sweetheart” investment scheme targeting single women with whom he had become acquainted through online dating sites. The defendant enticed more than 30 victims into investing in his purported musical recording and talent search business with promises that each would receive 2% of all of his company’s future profits. The OFR Investigation revealed, however, that the defendant spent most of the \$1+ million in funds collected from investors on gambling and personal living expenses.

Ponzi Schemes

The BFI continues to see Ponzi schemes being perpetrated against the investing public. A Ponzi scheme is a fraudulent investment operation where the conman pays returns to existing investors from capital raised from new investors. Ponzi schemes can be difficult to detect as investors do not complain when they are getting paid their promised returns. Ponzi schemes generally collapse when the money needed to pay the existing investors outstrips the amount of money being raised from the newer investors, causing a default.

In 2015, a Florida resident was sentenced to 10 years in prison after raising over \$3 million dollars from approximately 50 investors in north east Florida. Many of the victims were retired teachers and school administrators. The defendant told the victims they would receive shares in a unit investment trust that would pay 10 % guaranteed interest. Instead of investing the victims’ funds as promised, the defendant used the funds to repay earlier investors and for his own benefit, including purchasing high value luxury items and commercial and residential real estate.

Boiler Rooms

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 2015, the OFR and the SEC conducted a joint investigation which resulted in the filing of an injunction against an alleged boiler room scam operating in South Florida. The injunction alleged the defendants defrauded more than 400 investors out of \$11 million by selling unregistered securities in a company and misrepresenting the company’s profit potential. The filing alleged that investors, including several elderly unaccredited investors, were defrauded through cold calls placed to them from a boiler room located in South Florida. Approximately 30 percent of investor proceeds were diverted to pay exorbitant fees to the boiler room operators.

Affinity Fraud

Affinity fraud is a type of investment fraud in which conmen prey upon members of self-identifying groups, such as religious or ethnic communities, the elderly, or professional groups. The conmen who perpetrate affinity scams frequently are also members of the group.

In mid-2014 an assistant pastor from north east Florida was charged with seven counts of selling unregistered securities, five counts of securities fraud, four counts of grand theft and one count of sale of securities by an unregistered dealer. The OFR investigation found that from December 2010 through June 2012, the defendant solicited church members to invest in the stock of a North Carolina company that purportedly invested in precious metals and commodities. The defendant also purportedly told investors that he invested in the company himself and that the investment had no risk and high potential for growth.

In another case, a South Florida man of Haitian descent was arrested in mid- 2014 and charged with racketeering, securities fraud, grand theft, and money laundering in connection with an alleged active investment scheme targeting the Haitian-American community in South Florida. The charges alleged that from November 2012 through the time of his arrest, the defendant used a daily radio broadcast to solicit more than \$3 million from approximately 600 investors in exchange for a fixed return of 8% per month. However, investigation revealed that much of the investors' money was used to pay the defendant's personal expenses and to make Ponzi-type payments to previous investors.

Crowd Funding

In 2015 the Florida legislature passed a crowd funding bill which will allow businesses to begin raising small amounts of money from the public using the internet. 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% to 75% of investigative resources will be dedicated to securities fraud investigations.

Check Cashers

Check cashing businesses can be common venues for individuals seeking a way to convert checks to cash to facilitate various frauds and/or money-laundering schemes. The BFI continues to see indications that checks involving worker's compensation insurance premium avoidance fraud, healthcare fraud and income tax refund fraud are negotiated through licensed check cashers.

The OFR continues to partner with the Department of Financial Services, Division of Insurance Fraud to share resources and information to battle worker's 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 also formally assigned staff to the Division of Insurance Fraud's Worker's Compensation Fraud Task Force in South Florida. BFI investigators analyze information, conduct interviews and assist with search warrants. The BFI has also opened cases to thoroughly investigate whether certain registered check cashers that are negotiating high volumes of checks for corporate customers to determine whether the check cashers are fully complying with the anti-money laundering requirements of state and federal law.

In one OFR case, a former check casher was sentenced to 76 months in state prison and ordered to pay more than \$70,000 in restitution. The sentence is the result of a 2015 plea agreement through which the defendant pled guilty to violating the state's Racketeer Influenced and Corrupt Organizations Act (RICO) and to acting as an unlicensed money services business. The charges stem from the defendant's illegal check cashing scheme related to fraudulently obtained U.S. Treasury tax refund checks.

In another case, two check cashers were arrested and charged with racketeering and identity theft in connection with the use of their formerly licensed money services business to allegedly cash fraudulently obtained tax refund checks. The defendants are alleged to have deposited over 260 checks totaling \$857,903.00 into their business accounts. The checks were known to investigators to represent the proceeds of fraudulent tax returns filed in the names of identity theft victims.

Notwithstanding the above cases, the BFI's investigations are generally showing that registered check cashers are routinely filing currency transaction reports on transactions involving more than \$10,000 of currency as required and they are maintaining substantial information on their corporate customers to include government issued identification cards, corporate resolutions, tax payer identification numbers and account applications.

Lastly, the first in the nation check cashing database went live in the fall of 2015. This database will give OFR extensive visibility into the types and amount of checks in excess of \$1,000 being negotiated at registered check cashing stores. This data will be analyzed and patterns of suspicious activity will be triaged and investigated as appropriate.

Based upon current caseload and trends, it is anticipated that approximately 10%-25% of investigative resources will be dedicated to these cases over the next fiscal year.

Advance Fee for Loan Fraud

Pockets of high unemployment and tightened credit markets continue to create an environment where opportunities for advance fee for loan frauds flourish. These cases are challenging for the BFI as the crime usually occurs over the internet. 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 a 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.

In one case, two southwest Florida men were arrested in the later part of 2014 and charged with grand theft, scheme to defraud, and the collection of advance fees for non-existent loans. The defendants are accused of assessing and collecting more than \$185,000 in illegal advance fees from prospective borrowers on the promise of obtaining commercial loans. Evidence obtained during the course of the investigation showed the loss to prospective borrowers both within and outside of the state as likely greater than \$900,000. From December 2012 through March 2014, the defendants are alleged to have used websites such as "lendinguniverse.com" to offer loans to prospective

borrowers via the internet. They are believed to have victimized over 100 prospective borrowers throughout the US and Canada, with at least 20 in Florida. No loans or refunds have ever materialized.

In another case, a South Florida man was charged with nine counts of collecting unlawful advance fees as a loan broker in connection with an alleged scam to collect in excess of \$300,000 from victims who were in financial duress, falling behind in their car payments and fearful of having their vehicles repossessed. These victims sought to renegotiate or refinance their auto loans through the defendant's websites, "credit-yogi.com" and "carpaymenthelpcenter.com." The defendant allegedly called victims saying he was a broker, falsely offering guaranteed auto refinancing in exchange for an advance fee of \$499 payable in cash via bank deposits into his account. Once the payment was received, the defendant would end all communication. No victim is known to have obtained financing or a refund of their advance fee payments.

Based upon current caseload and trends, it is anticipated that approximately 10%-15% of investigative resources will be dedicated to these cases over the next fiscal year.

Mortgage Fraud

According to Interthinx, a company that analyzes mortgage lending data for indications of fraud, mortgage fraud risk in Florida, particularly fraud involving property valuation and occupancy fraud, remains high as compared to the rest of country. Property valuation fraud is perpetrated by manipulating property values to create "equity" which is then extracted from loan proceeds by various means. Occupancy fraud occurs when the borrower misrepresents to the lender that the property will be owner occupied. However, data obtained from the Financial Crimes Enforcement Network (FinCEN) reveals that the number of Suspicious Activity Reports (SARs) filed by financial institutions nationally has fallen.

Suspicious Activity Type (Mortgage Fraud)	2013	2014	2015 (Q1)
Appraisal fraud	7,641	2,033	128
Foreclosure fraud	2,050	2,037	319
Loan Modification fraud	3,111	3,042	725
Other	38,285	25,611	4,697
Reverse mortgage fraud	52	43	10
Sub-Total	51,139	32,766	5,879

While the number of mortgage fraud investigations opened by the BFI in Fiscal Year 2014-2015 is substantially lower than during the years immediately following the collapse of the real estate market in the United States, the BFI expects it will continue to receive complaints and actionable intelligence that will lead to mortgage fraud investigations being opened.

In one case involving activity occurring between 2005 and 2008, a defendant was convicted of wire fraud against a financial institution and one count of conspiracy to commit wire fraud against a financial institution for her role in an elaborate mortgage fraud scheme that resulted in losses of \$17 million to various lenders. The scheme used radio advertisements to lure members of the Haitian-American community to take advantage of

certain loan programs. Listeners who responded to the radio ads were recruited to become straw buyers of residential property throughout South Florida in exchange for compensation. The defendants told the prospective buyers that they would make the required mortgage payments on the loans and the buyers' names would be removed from the properties within a year. Once the defendants identified properties for purchase, co-conspirators submitted fraudulent loan applications and other related documents to various lenders on behalf of straw buyers who were paid between \$5,000 and \$15,000 for the use of their credit.

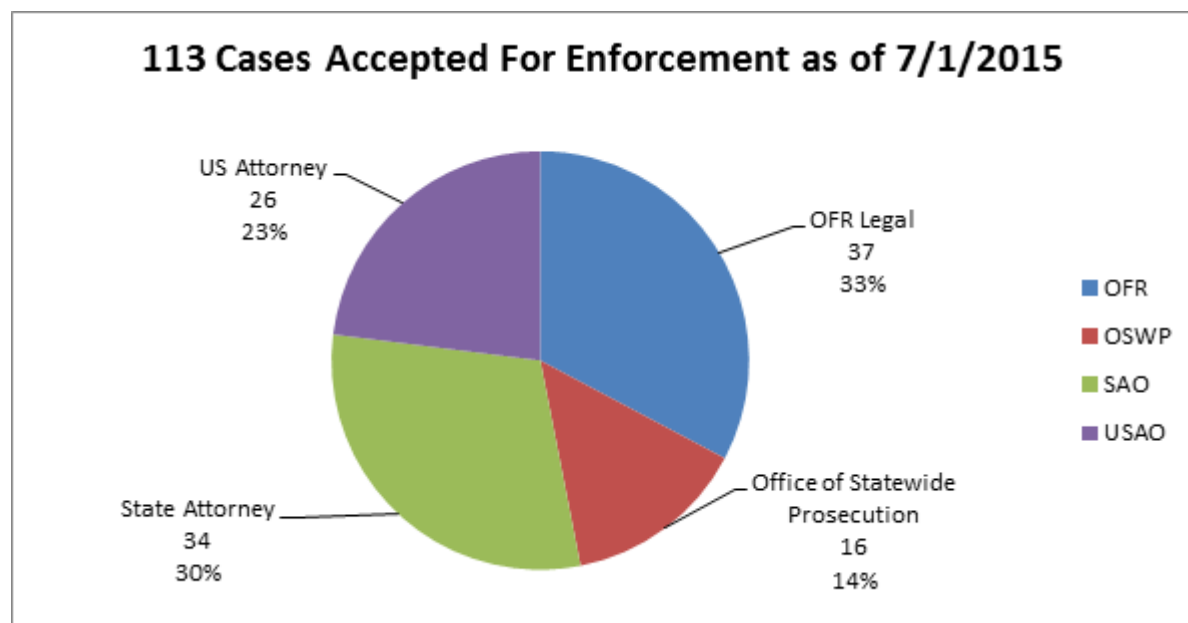
The defendants also created multiple Form HUD-1 Settlement Statements in order to conceal the fact that the loans were for amounts greater than the seller's asking price, resulting in substantial cash proceeds being redirected to the defendants. These additional proceeds were appropriated by the defendants without the lenders' knowledge or consent. The defendants made mortgage payments until they ran out of money, causing the lenders to foreclose on the properties and suffer losses of over \$17 million. The majority of the outsized proceeds received from the fraudulent loan applications were used for the personal benefit of the defendants.

Based upon current caseload and trends, it is anticipated that approximately 1%-10% of investigative resources will be dedicated to these cases over the next fiscal year.

Caseload

As of July 2015, the BFI had 203 open investigations. These investigations involve approximately 1,800 consumer victims and nearly \$450 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% -90% of investigations accepted for enforcement result in criminal, civil and/or administrative action.



During fiscal year 2014-2015, BFI closed 189 cases. 89 of those cases were formal investigations including 40 investigations where enforcement action was taken. These cases resulted in 12 administrative actions, 3 civil actions and 27 criminal actions. As a result of investigative work performed by the BFI, these closed cases resulted in 30 criminal defendants being sentenced to a total of 142 years in prison and 155 years of probation.

Initiatives

One measure that shows how the OFR is promoting a safe and sound financial marketplace relates to the number of formal investigations closed with action.

Increase the Percentage of Formal Investigations Closed with Action					
Fiscal Year	FY11/12 Baseline	FY 12/13	FY 13/14	FY 14/15	FY 15/16 Goal
	37%	61%	40%	49%	50% +

The BFI currently has an initiative to drive up the percentage of financial investigations that are closed with action because this internal performance measure addresses severe cases of fraud, financial crimes, unlicensed activity and other cases where Floridians are victimized. The BFI believes that the more judicious and efficient it remains in deploying scarce resources, the greater the value it will return to the victims of financial crime and to the citizens of Florida. To that end, all new complaint cases are assessed for potential enforcement action and where appropriate, assigned to investigators as preliminary investigations until such time as a determination to escalate the case to a formal investigation can be made (usually within 90 days). Cases will not be escalated from the preliminary stage unless there is a firm belief by both the investigator and the investigations manager that the case is viable and can result in criminal, administrative or civil enforcement action. Ideally every case that the BFI determines to pursue will result in action. However, early assessments, even if well founded, will need to be revisited and sometimes revised based on the evidence obtained in the case. Because of this fact and the BFI's reluctance to upgrade cases in only the most clearly prosecutable instances (as this could lead to potentially overlooking cases that pose serious threat of financial harm to the public), the BFI's standard is set at 50% as illustrated above.

At present, the BFI is also committing significant resources to the problem of potential money laundering in both licensed and unlicensed money services businesses throughout the state. To that end, the BFI has undertaken investigations from various regions with the goal of identifying vulnerabilities within the industry. These vulnerabilities are attractive to money launderers who would prefer to conduct transactions outside of the banking system where suspicious activities are more prone to being recognized and highly scrutinized. The BFI has found that a multi-regional approach to this problem is best as evidence in other cases has shown that suspected money launderers often utilize shell companies and travel great distances to move checks and cash outside of the areas where the businesses are purported to be based. These investigations are ongoing. If evidence of criminal violations is found, referrals will be made to appropriate law enforcement and prosecutorial agencies.

Performance Measures and Standards – LRPP Exhibit II

LRPP Exhibit II - Performance Measures and Standards

Department: Department of Financial Services

Department No.: 43

Program: Financial Services Commission - Office of Financial Regulation	Code: 43900500			
Service/Budget Entity: Safety and Soundness of State Banking System	Code: 43900530			
Approved Performance Measures for FY 2015-16	Approved Prior Year Standard FY 2014-15	Prior Year Actual FY 2014-15	Approved Standards for FY 2015-16	Requested FY 2016-17 Standard
Delete Measure: Percentage of new Florida financial institutions that seek state charters	67%	0%	67%	Delete
Delete Measure: Percentage of surveys returned that rate the Division's examination program as satisfactory or above	75%	87%	75%	Delete
Delete Measure: Percentage of all applications, except new charter applications, deemed statutorily complete that are processed within 60 days, and within 90 days.	67%/100%	71%/100%	67%/100%	Delete
Delete 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.	85%	89%	85%	Delete
New Measure: <u>Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S.</u>	<u>N/A</u>	<u>100%</u>	<u>N/A</u>	<u>100%</u>
New Measure: <u>Percentage of state financial institutions rating OFR high-performing.</u>	<u>N/A</u>	<u>98%</u>	<u>N/A</u>	<u>97%</u>

Service/Budget Entity: Financial Investigations	Code: 43900540			
Approved Performance Measures for FY 2015-16	Approved Prior Year Standard FY 2014-15	Prior Year Actual FY 2014-15	Approved Standards for FY 2015-16	Requested FY 2016-17 Standard
Primary Service Outcome: Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.	80%	95%	80%	80%
Primary Service Outcome: Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening	60%	90%	60%	60%
Delete Measure: Number of Financial Investigations Closed.	175	189	175	Delete
Service/Budget Entity: Executive Direction & Support Services	Code: 43900550			
Approved Performance Measures for FY 2015-16	Approved Prior Year Standard FY 2014-15	Prior Year Actual FY 2014-15	Approved Standards for FY 2015-16	Requested FY 2016-17 Standard
Delete Measure: Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs.	less than 3%	4.23%	less than 3%	Delete
Program administration costs (including Office of Legal Services) as a percentage of total program costs	less than 10%	5.32%	less than 10%	less than 10%
Program administration positions (including Office of Legal Services) as a percentage of total program positions.	less than 10%	4.14%	less than 10%	less than 10%
Delete Measure: Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions.	less than 3%	3.31%	less than 3%	Delete

Service/Budget Entity: Finance Regulation	Code: 43900560			
Approved Performance Measures for FY 2015-16	Approved Prior Year Standard FY 2014-15	Prior Year Actual FY 2014-15	Approved Standards for FY 2015-16	Requested FY 2016-17 Standard
Primary Service Outcome: Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
New Measure: <u>Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.</u>	<u>N/A</u>	<u>100%</u>	<u>N/A</u>	<u>100%</u>
Delete Measure: Average number of days to refer a priority examination to Legal Services	43	159	43	Delete
Delete Measure: Average number of days to conclude a priority examination	65	269	65	Delete
Delete Measure: Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination	75%	85%	75%	Delete
Delete Measure: Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination	90%	100%	90%	Delete
Service/Budget Entity: Securities Regulation	Code: 43900570			
Approved Performance Measures for FY 2015-16	Approved Prior Year Standard FY 2014-15	Prior Year Actual FY 2014-15	Approved Standards for FY 2015-16	Requested FY 2016-17 Standard
Delete Measure: Number of examinations, investigations and enforcement cases resulting in imposition of substantial sanctions	45	45	50	Delete
Delete Measure: Number of active major enforcement cases	25	5	25	Delete
Primary Service Outcome: Number of complex securities examinations completed	60	159	60	100
Primary Service Outcome: Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%

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

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900530 – Safety and Soundness of the State Banking System

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
67%	0%	-67.0%	-100.0%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input 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 14-15. De novo activity has basically ceased due to the depressed economic conditions and reduced valuation multiples which has created a highly acquisitive and consolidative bank environment in Florida and the United States. Activity is not expected to resume until the economy has significantly recovered and bank valuation multiples rise.

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: Due to an agency realignment in priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 – Safety and Soundness of the State Banking System

Measure: Primary Service Outcome - Percentage of surveys returned that rate the Division's examination program as satisfactory or above.

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	87%	12.0%	16.0%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations: Due to an agency realignment in priorities, this measure no longer best represents the direction of the Division and should be deleted.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 – Safety and Soundness of the State Banking System

Measure: Primary Service Outcome - Percentage of all applications, except new charter applications, deemed statutorily complete that are processed within 60 days and within 90 days.

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
67%/100%	71%/100%	4.0%	6.0%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations: Due to an agency realignment in priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 – Safety and Soundness of the State Banking System

Measure: Primary Service Outcome - 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:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	89%	4.0%	4.7%

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 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: Due to an agency realignment in priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900540 – Financial Investigations
Measure: Number of Financial Investigations Closed

Action:

- | | |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input 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
175	189	14	8%

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: One of the OFR’s core goals is to promote a safe and sound financial marketplace. The Bureau of Financial Investigations has re-examined the value of this particular measure in light of this goal and determined that the measure does not adequately serve the goal. The Bureau does not evaluate its success in reducing the number of bad actors and unlawful financial activities within Florida by the number of cases it closes, but instead by the number of enforcement actions it brings. Cases can be closed for myriad reasons to include instances of unsubstantiated violations or lack of OFR jurisdiction in a matter. An increase in the number of instances where cases are closed for reasons that do not advance the core mission of the agency, while resulting in a show of improvement in this measure, will not inure to the benefit of the citizens of Florida.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

Due to an agency realignment of priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
Less than 3%	4.23%	+1.23%	+41.1%

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 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 \$1,744,265, out of total OFR Operating Expenditures of \$32,803,318. 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:

Due to an agency realignment in priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
Less than 3%	3.31%	+ 0.31%	+ 10.5%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input 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 that 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. In July 2014, the Senior Attorney position was moved by Budget Amendment to the Division of Consumer Finance. This left the General Counsel’s Office with only 3 FTEs: the General Counsel, the Assistant General Counsel, and the Public Records Coordinator.

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

- | | |
|-----------------------------------|-------------------------------------|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
|-----------------------------------|-------------------------------------|

Personnel

Other (Identify)

Recommendations:

Due to an agency realignment in priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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 checked="" 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	159 days	116 days	270%

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 2014-15 for chapters other than 560. The actual results for this measure were significantly inflated due to the convergence of several factors. 1) The metric no longer anticipates the type and complexity of the examinations conducted by the Bureau; 2) The metric considers only a very small number of the exams conducted during the period (8 out of the 608 exams conducted); 3) December 31st, 2014, which fell within the measurement period, represented the end of the first five year period during which all Money Services Business licenses must have been examined (see §560.109(1), F.S.). The Bureau's field staff focused on these exams to meet statutory requirements. 4) Finally, given the Bureau's need to focus on statutorily required exams, the non-statutory exams conducted tended to be more complex.

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) |

Explanation:

Recommendations:

Due to an agency realignment of priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
65 days	269 days	204 days	314%

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 2014-15 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 2014-15 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 type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

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

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

Explanation:

Recommendations:

Due to an agency realignment of priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	85%	10%	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:

N/A

External Factors (check all that apply):

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

Explanation:

N/A

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

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

Explanation:

N/A

Recommendations: Due to an agency realignment of priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	100%	10%	11%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

N/A

External Factors (check all that apply):

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

Explanation:

N/A

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

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

Explanation:

N/A

Recommendations:

Due to an agency realignment of priorities, this measure no longer best represents the direction of the Bureau and should be deleted.

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	5	(25)	(83%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input checked="" type="checkbox"/> Competing Priorities | <input 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, 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 | |

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: Due to an agency realignment in priorities this measure no longer best represents the direction of the Bureau and should be deleted.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900570 – Securities Regulation

Measure: Number of examinations, investigations and enforcement cases resulting in imposition of substantial sanctions

Action:

- | | |
|---|---|
| <input 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
45	45	0	0

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: N/A

External Factors (check all that apply):

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

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: Due to an agency realignment in priorities this measure no longer best represents the direction of the Bureau and should 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 and 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 Financial Institutions Tracking Objective (FITO) 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 and 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: 43900530 – Safety and 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 FITO database 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 FITO. OFR maintains back-up documents to validate entries in the database. Efforts have been made to assure data is promptly and correctly entered into FITO, 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 and 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. % = (Number of responses that rated OFR as “2” or better) / (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 and Soundness of State Banking System

Measure: Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045. F.S.

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: Examination scheduling sources of data are created by OFR DFI Area Financial Managers (AFM) as a result of periodic (monthly/quarterly) meetings with their counterparts at the Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB). At these periodic (monthly/quarterly) meetings the following is performed to assure that examination scheduling conforms to statutory/regulatory cycles:

- a. OFR DFI AFM's and FDIC/FRB managerial counterparts compare mandated schedules of exams to determine statutory/regulatory examination start dates which reflect examination cycles for financial institutions.
- b. Utilizing the established examination cycle and coordinated with exam staff availability, an examination schedule is created.
- c. Examination schedules are forwarded to OFR DFI Bureau Chiefs for analysis and review.
- d. Bureau Chiefs coordinate and confirm compliance with the examination schedule on a bi-monthly basis.
- e. Upon completion of the examination, Bureau Chiefs receive examination report completion requirement memorandum included with the report of examination to confirm examinations have been conducted and completed as scheduled on the examination schedule and according to Florida Statute.

Validity: The examination schedule is jointly prepared by OFR DFI, FDIC, and FRB management which provides checks and balances that each regulatory agency is scheduled to perform the required examinations and fulfill their respective statutory/regulatory mandates. The preparation and review of the examination report completion requirement memorandum along with the report of examination by OFR DFI Bureau Chiefs assures that DFI is fulfilling its statutory mandate. These types of processes and measures are broadly used throughout the regulatory industry to confirm statutory/regulatory compliance.

Reliability: All examination and calendar information needed to calculate this measure is maintained in Excel spreadsheets in a centralized network repository to be migrated into FITO. These spreadsheets would be included in the migration into REAL provided that the Legislative budget request supporting that initiative is approved.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 – Safety and Soundness of State Banking System

Measure: Percentage of state financial institutions rating OFR high-performing.

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 serve as the sources of data. OFR DFI 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, the examination team, the examination report, and various other meaningful examination related matters.

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 the four (4) sections of the survey.
- b. Sort all responses in ascending order.
- c. Determine the number of responses that rated OFR as 1, 2, or 3.
- d. $\% = (\text{Number of responses that rated OFR as 1, 2, or 3}) / (\text{Total number of responses})$.

Validity: The survey results provide OFR DFI with an objective evaluation of the quality and performance of the safety and soundness examination process, the examination team, the examination report, and various other meaningful examination related matters. This type of measure is broadly used throughout the business industry as a form of quality control.

The measure provides OFR DFI with direct feedback from its customer base, the state financial institutions, and is used to evaluate the product provided. Survey results provide OFR DFI 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 within a network repository. OFR DFI maintains back-up documents to validate entries in the spreadsheets. Efforts have been made to assure data is promptly and correctly entered into an Excel spreadsheet and tabulated.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 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 measure.

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:

Calculation of Output Measure: This measure is derived from the number of investigative cases closed in a fiscal year. It is an indiscriminant count of all cases closed, irrespective of whether enforcement action has been obtained.

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: A request to delete this measure is being submitted by the Bureau of Financial Investigations owing to competing agency priorities.

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 Equivalents (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:

Position information is from PeopleFirst.

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:

Position information is from PeopleFirst.

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 – Financial 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 – Financial 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 – Financial 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 – Financial 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 – Financial 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: 43900560 – Financial Regulation

Measure: Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.

Action (check one):

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

Data Sources and Methodology: To ensure we meet this requirement we produce an examination scheduling report. The report uses licensing and prior examination information from the REAL database to compute a date the next examination is due for each license. The “due date” is set to be the later of 5 years after the date the licensee was first licensed and the status date of the last closed examination of the licensee (if any). This metric will indicate the percentage of the examinations due within the measurement period that were conducted prior to their due date.

Validity: This measure helps to ensure money business service exams are in compliance with state law. This supports the agency’s mission of promoting a safe and sound financial marketplace.

Reliability: Data will be exported, computed and reviewed quarterly. The Division tracks licensees and examinations using the REAL database.

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 2015-16	Associated Activities Title
1	Delete Measure: 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	Delete Measure: 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	Delete 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.	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
4	Delete Measure: 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
5	New Measure: Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S.	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness.
6	New Measure: Percentage of state financial institutions rating OFR high-performing.	Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness

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

43900540 - Financial Investigations

Measure Number	Approved Performance Measures for FY 2015-16		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

43900560 - Finance Regulation

Measure Number	Approved Performance Measures for FY 2015-16		Associated Activities Title
1	Delete Measure: 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	Delete Measure: Average number of days to conclude a priority examination.		Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
3	Delete Measure: 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	Delete Measure: 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

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

43900560 - Finance Regulation (continued)

5	Percentage of license applications processed within Administrative Procedure Act requirements.		Regulate Non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
6	New Measure: <u>Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.</u>		Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance and money services businesses including payment instrument issuer and money transmitter firms, branches and individual locations

43900570 - Securities Regulation

Measure Number	Approved Performance Measures for FY 2015-16		Associated Activities Title
1	Delete Measure: The number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
2	Delete Measure: 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 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. * Examinations of non-depository financial service companies to determine compliance with regulations.	178	26,144.57	4,653,733
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.	18,568	104.50	1,940,404
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.	200	61,643.59	12,328,718
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.	24	32,059.67	769,432
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.	189	19,440.67	3,674,248
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 and investigations, handle complaints related to securities firms, branch offices, and their employees.	282	21,640.65	6,102,664
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/or Individual. * Substantively review and act upon securities applications for registration of firms, branch offices associated person and securities offerings.	56,750	45.76	2,596,872

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	299,651	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	610,880	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	10,335,380	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	565,297	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	2,745,964	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	123,912	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	2,370,275	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	12,358,029	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,864,892	
43500400	1205000000	ACT9010	TRANSFER TO FLORIDA CATASTROPHIC	1,500,000	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,532,531	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	323,208,161	3,461,442
TOTAL BUDGET FOR AGENCY (SECTION III):	323,208,184	3,461,442
DIFFERENCE:	23-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2014-15			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		321,914,771		3,461,442	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Final Budget for Agency)		1,293,390		0	
		323,208,161		3,461,442	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures	(3) FCO
Executive Direction, Administrative Support and Information Technology (2) Provide an analysis or see an item here for deposit and maintain public depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory		6,488	60.91	395,173	3,461,442
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral		65,278	16.26	1,061,667	
Investment Of Public Funds * Dollar Volume of Funds Invested		#####	0.00	718,046	
Provide Cash Management Services * Number of cash management consultation services		33	31,779.00	1,048,707	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/ accounting transactions processed and reports produced.		2,800,000	0.60	1,680,077	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by Accounting And Reporting Of State Funds * State Accounts Managed In The Florida Accounting Information Resource		1,644,859	1.03	1,696,827	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims		35,777	128.07	4,581,909	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with		9,017,888	0.12	1,077,539	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine		328,808	13.00	4,274,589	
Process State Employees Payroll * Payroll payments issued		9	247,533.22	2,227,799	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine		2,966,278	0.81	2,413,548	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or		11	16,749.73	184,247	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property		16	57,898.13	926,370	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		2,036,306	1.40	2,843,734	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed		388,323	8.05	3,125,903	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		7,182	74.49	534,992	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		15,565	262.12	4,079,963	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		573	922.43	528,555	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or		1,344	459.54	617,624	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the		3,324	4,262.97	14,170,113	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations		203,753	9.95	2,028,188	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		8,349	114.60	956,817	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		11,637	99.65	1,159,605	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		2,773,057	0.15	426,207	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		21,066	1,635.55	34,454,489	
Process Property Claims On State Owned Buildings (structure And Content) * Number of state property loss damage claims		4,363	3,295.51	14,378,324	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal		168	14,899.10	2,503,048	
Rehabilitate And/ Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership		1,228	1,928.70	2,368,443	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		35	18,308.71	640,805	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		115,935	23.93	2,774,714	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		40,046	35.23	1,410,653	
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		1,705,434	0.42	723,554	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		214,881	1.96	421,347	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers'		3,405	1,761.00	5,996,189	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		1,389	12,878.18	17,887,791	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		697	7,371.29	5,137,791	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		57,596	72.82	4,194,246	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		282,586	2.36	666,620	
Examine And Regulate Licenses In The Funeral And Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		334,348	14.08	4,707,737	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		1,723	1,330.14	2,291,839	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		87,525	49.88	4,365,556	
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.		34,282	405.58	13,903,974	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,049	4,675.48	4,904,583	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		2,514	538.11	1,352,812	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		121,030,038	0.01	688,804	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		5,561,949	0.68	3,791,162	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		8,858	170.60	1,511,208	
Approve And License Entities To Conduct Insurance Business * Number of Certificates of Authority processed		3,689	1,629.83	6,012,427	
Conduct And Direct Market Conduct Examinations * Number of examinations and investigations completed for licensed		96	9,810.43	941,801	
Conduct Financial Reviews And Examinations * Number of financial reviews and examinations completed.		597	5,343.24	3,189,913	
Review And Approve Rate And Form Filings * Number of rate and forms review completed.		7,896	2,090.83	16,509,205	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance * Examinations of non-depository financial service companies to determine compliance with regulations.		14,134	589.09	8,326,196	
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.		178	26,144.57	4,653,733	
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.		18,568	104.50	1,940,404	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness * Number of international financial institutions examined to ensure safety and soundness.		200	61,643.59	12,328,718	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity * Number of financial investigations into		24	32,059.67	769,432	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		189	19,440.47	3,674,248	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance * Conducted examinations of securities		595	9,942.79	5,915,961	
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.		282	21,640.65	6,102,664	
TOTAL				256,796,462	3,461,442
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS				1,045,371	
OTHER				35,556,811	
REVERSIONS				29,809,540	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - should equal				323,208,184	3,461,442

SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

- (1) Some activity unit cost 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.
- (3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.
- (4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

Glossary of Terms and Acronyms

AARMR – American Association of Residential Mortgage Regulators – a non-profit association of state regulators of mortgage lenders and mortgage brokers. This organization, in conjunction with the Conference of State Bank Supervisors (CSBS), owns and manages the Nationwide Mortgage Licensing System (NMLS)

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. The predecessor of FITO.

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

FITO – Division of Financial Institution's Financial Institutions Tracking Objective Database. The successor to DOGI.

FRB – Federal Reserve Bank - Regional bank of the Federal Reserve Bank, the central banking system of the United States.

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

Office – Office of Financial 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