



CHIEF FINANCIAL OFFICER  
**JIMMY PATRONIS**  
STATE OF FLORIDA

## LONG RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

October 1, 2018

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 2019-20 through Fiscal Year 2023-24. 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 Jimmy Patronis, Chief Financial Officer.

A handwritten signature in black ink, appearing to read "Ryan West".

Ryan West  
Chief of Staff

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Ryan West • Chief of Staff

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# **Department of Financial Services**

## **Long-Range Program Plan**

**Fiscal Years  
2019-20 through 2023-24**

***Jimmy Patronis***  
***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**



**Outcome 1B.4:** Dollar amount of loss due to fraud referred to SAO for prosecution (in millions).

FY2013-14 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
\$6.863	\$6.863	\$6.863	\$6.863	\$6.863	\$6.863

**Outcome 1B.5:** Number of investigations completed.

FY2013-14 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
3,000	3,000	3,000	3,000	3,000	3,000

**Division of Workers' Compensation:**

**Outcome 1B.6:** Number of employer investigations conducted.

FY 2009-10 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
30,000	32,000	32,000	32,000	32,000	32,000

**Division of Investigative and Forensic Services: Fire, Arson & Explosives Investigations**

**Outcome 1B.7:** Percentage of arson cases cleared.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
20%	20%	20%	20%	20%	20%

**Division of Investigative and Forensic Services: Forensic Services**

**Outcome 1B.8:** Average turnaround time for Forensic Fire and Explosives Analysis.

FY2008-09 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
8.25 days	10 days	10 days	10 days	10 days	10 days

**Division of Investigative and Forensic Services: Insurance Fraud**

**Outcome 1B.9:** Number of arrests.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
1,224	1,224	1,224	1,224	1,224	1,224

**Outcome 1B.10:** Number of presentations submitted for prosecution.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
1,260	1,320	1,320	1,320	1,320	1,320

**Division of Investigative and Forensic Services: Office of Fiscal Integrity**

**Outcome 1B.11:** Percentage of investigations that result in action taken against the investigative target.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
50%	50%	50%	50%	50%	50%

## 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	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
80%	90%	90%	95%	95%	95%

### Division of Treasury: Deposit Security

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

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
100%	100%	100%	100%	100%	100%

**Outcome 2A.3:** Percentage of Collateral Administrative Program transactions completed within three business days.

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
97%	97%	97%	97%	97%	97%

### Division of Treasury: State Funds Management and Investment

**Outcome 2A.4:** Amount by which the Treasury’s Investment Pool exceeded the blended benchmark for a rolling three-year period.

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

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

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
98%	98%	98%	98%	98%	98%

### Division of Risk Management:

**Outcome 2A.6:** Average Loss Adjustment Expense per claim worked.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
\$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	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
2%	2%	2%	2%	2%	2%

**Outcome 2A.8:** Distributions, including early access, as a percentage of cash and cash equivalents.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
25%	25%	25%	25%	25%	25%

**Outcome 2A.9:** Administrative costs as a percentage of the amounts recovered.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
15%	15%	15%	15%	15%	15%

**Division of Agent and Agency Services**

**Outcome 2A.10:** Cost of licensing operations per active license.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
\$4.83	\$2.96	\$2.96	\$2.96	\$2.96	\$2.96

**Outcome 2A.11:** Average Direct Cost of investigations operations per completed investigation.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
\$1,470	\$935	\$935	\$935	\$935	\$935

**Division of Public Assistance Fraud:**

**Outcome 2A.12:** Return on investment.

FY2013-14 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
300%	500%	500%	500%	500%	500%

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

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

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

FY2010-11 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
70%	95%	99%	100%	100%	100%



### 3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

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

**Office of General Counsel: Legal Service of Process**

**Outcome 3A.1:** Percentage of insurers receiving Legal Service of Process by electronic means.

FY2006-07 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
10%	100%	100%	100%	100%	100%

**Office of Information Technology:**

**Outcome 3A.2:** 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	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
95%	95%	95%	95%	95%	95%

**Office of Insurance Consumer Advocate:**

**Outcome 3A.3:** Percentage of referred cases responded to and/or transferred within three (3) days of receipt.

FY2010-11 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
90%	90%	90%	90%	90%	90%

**Outcome 3A.4:** Percentage of rate filings subject to public hearing which were reviewed by our office.

FY2013-14 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
95%	95%	95%	95%	95%	95%

**Office of Information Technology: FLAIR Infrastructure**

**Outcome 3A.5:** Percentage of scheduled hours computer and network is available.

FY2008-09 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
95%	99%	99%	99%	99%	99%

**Division of Treasury: Supplemental Retirement**

**Outcome 3A.6:** Percentage of state employees participating in the State Deferred Compensation Plan.

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
40%	40%	40%	40%	40%	40%

**Division of State Fire Marshal: Professional Training and Standards**

**Outcome 3A.7:** Percentage of students passing certification exam on first attempt.

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
77%	77%	77%	77%	77%	77%

**Division of Risk Management:****Outcome 3A.8:** 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	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
95%	95%	95%	95%	95%	95%

**Outcome 3A.9:** Percentage of tort liability claim files resolved prior to litigation.

FY 2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
81%	81%	81%	81%	81%	82%

**Outcome 3A.10:** Number of agency loss prevention staff trained during the fiscal year. (top 3 agencies)

FY 2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
80	80	80	80	80	80

**Division of Rehabilitation and Liquidation:****Outcome 3A.11:** Percentage of service requests, excluding Public Records Requests, closed within 30 days.

FY 2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
80%	90%	90%	90%	90%	90%

**Division of Agent and Agency Services:****Outcome 3A.12:** Average number of investigations completed per investigator.

FY2013-14 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
71.3	114	114	114	114	114

**Outcome 3A.13:** Average number of applications processed per licensing FTE.

FY2013-14 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
2,647	3,200	3,200	3,200	3,200	3,200

**Division of Consumer Services: Consumer Assistance****Outcome 3A.14:** Percentage of consumer survey responses that rate the Division's services as very good or excellent.

FY2010-11 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
75%	78%	78%	78%	78%	78%

**Outcome 3A.15:** Percentage of helpline call and service request audits that result in quality service (audit scores).

FY2007-08 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
80%	95%	95%	95%	95%	95%

**Outcome 3A.16:** Percentage of answered phone calls that are answered within four minutes.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
80%	80%	80%	80%	80%	80%

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

**Outcome 3A.17:** Percentage of deficiency letters sent out within five business days of receiving the application.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
88%	88%	88%	88%	88%	88%

**Division of Workers' Compensation:**

**Outcome 3A.18:** Percentage of overall accepted claims in Electronic Data Interchange (EDI) form filings.

FY 2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
76%	82%	82%	82%	82%	82%

**Outcome 3A.19:** Percentage of disputed issues between carriers, employers and injured workers resolved during the informal dispute resolution process.

FY 2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
78.5%	92%	92%	92%	92%	93%

## 4) KEEP MONEY IN THE POCKETS OF FLORIDIANS

**Objective 4A: Foster economic prosperity.**

### **Division of Unclaimed Property:**

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

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
65.6%	60%	60%	60%	60%	60%

### **Division of Consumer Services: Consumer Assistance**

**Outcome 4A.2:** Percentage of monetary eligible service requests that resulted in a recovery.

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
85%	85%	85%	85%	85%	85%

### **Division of Investigative and Forensic Services: Insurance Fraud**

**Outcome 4A.3:** Amount of court ordered restitution (in millions).

FY2011-12 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
\$42.788	\$42.788	\$42.788	\$42.788	\$42.788	\$42.788

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

FY2012-13 Baseline	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
200%	200%	200%	200%	200%	200%

## 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 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.

**PROGRAM AUTHORITY AND PRIMARY RESPONSIBILITIES**

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Office of the Chief Financial Officer and Administration</u></p>	<p>Serves DFS and its stakeholders with necessary support.</p> <ul style="list-style-type: none"> <li>➤ Office of Chief of Staff</li> <li>➤ Office of Inspector General</li> <li>➤ Division of Administration</li> <li>➤ Office of General Counsel</li> <li>➤ Office of Information Technology</li> <li>➤ Office of Insurance Consumer Advocate</li> </ul>
<p><u>Treasury</u> (Division of Treasury) Chapters 17, 112.215, and 280, Florida Statutes</p>	<p>Ensures that state monies, employee deferred compensation contributions, state and local governments’ public funds on deposit in Florida banks and savings associations, and cash and other assets held for safekeeping by the CFO are adequately accounted for, completely invested, and protected. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ deposit security (collateral management)</li> <li>➤ funds management and investment</li> <li>➤ deferred compensation (supplemental retirement program)</li> </ul>
<p><u>Financial Accountability for Public Funds</u> (Division of Accounting and Auditing) Chapters 17, 215 and 216, Florida Statutes</p>	<p>Promotes financial accountability for public funds throughout state government and provides Florida’s citizens with comprehensive information about how state funds are expended. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ providing the public with timely, accurate, and comprehensive information on the financial status of the state, its component units, and local governments</li> <li>➤ audit of disbursements and other financial transactions</li> <li>➤ state employee payroll services</li> </ul>
<p><u>Financial Accountability for Public Funds</u> (Division of Unclaimed Property) Chapters 717, Florida Statutes</p>	<p>“Stands in the shoes” of property owners and protects their rights by taking custody of their lost, abandoned, unknown assets, safeguarding and returning them to the rightful owner or heirs. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ identifying, recovering, receiving, and safeguarding unclaimed property data and assets received from holders.</li> <li>➤ performing outreach, education, assistance to holder and holder-related organizations, including examinations and audits.</li> <li>➤ receiving, evaluating and processing claims from citizens and businesses.</li> <li>➤ disbursing all claims and expense payments from the Unclaimed Property Trust Fund, managing the trust fund balances and budget.</li> </ul>
<p><u>Fire Marshal</u> (Division of State Fire Marshal) Chapters 633, 552, 554, and 791 Florida Statutes</p>	<p>Assures statewide fire safety. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ licensing and registrations</li> <li>➤ inspections and plans reviews</li> <li>➤ professional standards, training, and state firefighter certification</li> </ul>

Programs and Statutes	Description
<u>State Property and Casualty Claims</u> <i>(Division of Risk Management)</i> Chapter 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"> <li>➤ self-insurance program with coverage for Workers' Compensation, General Liability, Federal Civil Rights/Employment, and Property insurance</li> <li>➤ claims handling services</li> <li>➤ technical assistance in loss prevention and managing risks</li> </ul>
<u>Licensing and Consumer Protection</u> <i>(Division of Rehabilitation and Liquidation)</i> Chapter 631, Florida Statutes	Court-appointed receiver for insurers placed in receivership. Responsible for: <ul style="list-style-type: none"> <li>➤ rehabilitation – take actions necessary to correct the conditions that necessitated the receivership</li> <li>➤ liquidation – maximize the value of the assets of the liquidated company and distribute the assets equitably</li> </ul>
<u>Licensing and Consumer Protection</u> <i>(Division of Agent and Agency Services)</i> Chapters 624, 626, 627, 632, 634, 635, 636, 641, 642, and 648, Florida Statutes	Protects the public by licensing individuals and entities and investigating alleged violations of law. Responsible for: <ul style="list-style-type: none"> <li>➤ licensing and appointment of individuals and entities authorized to transact insurance in Florida</li> <li>➤ investigating alleged violations of the Florida Insurance Code</li> </ul>
<u>Licensing and Consumer Protection</u> <i>(Division of Consumer Services)</i> Section 20.121(2)(h), Florida Statutes	Provides education, information and assistance to consumers for all products or services regulated by DFS or the Financial Services Commission. Responsible for: <ul style="list-style-type: none"> <li>➤ providing information to consumers about insurance-related topics</li> <li>➤ serving as a mediator between consumers and insurance companies</li> </ul>
<u>Licensing and Consumer Protection</u> <i>(Division of Funeral, Cemetery and Consumer Services)</i> Chapter 497, Florida Statutes	Protects consumers from illegal practices in the death industry. Responsible for: <ul style="list-style-type: none"> <li>➤ licensing and regulation of death care businesses and professionals</li> <li>➤ investigations of licensees based on customer complaints</li> <li>➤ monitoring licensee compliance with continuing education requirements</li> <li>➤ providing customer service regarding death care industry questions</li> </ul>
<u>Licensing and Consumer Protection</u> <i>(Division of Public Assistance Fraud)</i> Section 414.411, Florida Statutes	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: <ul style="list-style-type: none"> <li>➤ program recipient investigations (eligibility fraud)</li> <li>➤ trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores)</li> <li>➤ Subsidized Daycare Program fraud</li> <li>➤ DCF ACCESS Program employee fraud</li> </ul>

Programs and Statutes	Description
<u>Workers' Compensation</u> <i>(Division of Workers' Compensation)</i> Section 20.121 and Chapter 440, Florida Statutes	Regulates employers, insurers, and health care providers; educates and informs all stakeholders of their rights and responsibilities; leverages data to deliver exceptional value to our customers and stakeholders; and, holds parties accountable for meeting their obligations. Responsible for: <ul style="list-style-type: none"> <li>➤ auditing insurers to ensure they provide prompt and accurate benefit payments to injured workers</li> <li>➤ ensuring that employers secure workers' compensation coverage</li> <li>➤ collecting trust fund assessments</li> <li>➤ assisting injured workers in obtaining benefits</li> <li>➤ collecting proof of coverage, medical, and claims data</li> <li>➤ resolving reimbursement disputes between health care providers and insurers</li> </ul>
<u>Division of Investigative and Forensic Services</u> Section 626.989, Florida Statutes	Protects Florida citizens, businesses and consumers from persons who commit financial and insurance fraud. Responsible for: <ul style="list-style-type: none"> <li>➤ fire, arson and explosives investigations</li> <li>➤ forensic laboratory services</li> <li>➤ investigating suspected insurance and financial fraud</li> <li>➤ issuing public information announcements</li> <li>➤ training for insurers to help deter and combat fraud</li> <li>➤ investigating misuse of state funds</li> </ul>



# ***ADDRESSING AGENCY PRIORITIES***

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

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

#### **DIVISION OF ACCOUNTING AND AUDITING: STATE FINANCIAL INFORMATION AND STATE AGENCY ACCOUNTING**

***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 measurable 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.

#### **DIVISION OF STATE FIRE MARSHAL: COMPLIANCE AND ENFORCEMENT**

***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 Fiscal Year 2017-18, Fire Protection Specialists conducted over 15,741 High Hazard, Recurring, and Construction building inspections. Construction inspections including underground and above ground fire mains, installation and performance testing of fire protection systems, and fire rated construction assemblies are required for each new building.

Any reductions in revenue generated at the local level can be expected to have an impact on the State Fire Marshal's workload. If local governments determine they are unable to fully fund their own fire safety programs, including the area of kindergarten through 12<sup>th</sup> grade school inspections, the State Fire Marshal is statutorily required to assist with these inspections.

For the Boiler Safety Program, technology enhancements to its data management system have eased forms distribution and web access for the public as well as records access for field inspection staff. Additional enhancements are necessary to fully convert the boiler licensing program to an entirely automated web-based system. Scanning technology deployed in the Program has reduced storage space and may consequently reduce rent costs. Similar technology is being reviewed for use from other sections within the Bureau to reduce substantial storage space required by the Records Retention Schedules Program maintained by the Secretary of State. The boiler safety program has made a conservative effort to ensure deputy boiler inspectors conduct inspections on uninsured boilers throughout the state. Boiler insurance companies are required by section 554.109 (1), Florida Statutes to inspect boilers they insure. These efforts have significantly decreased the number of boilers tasked for state inspections.

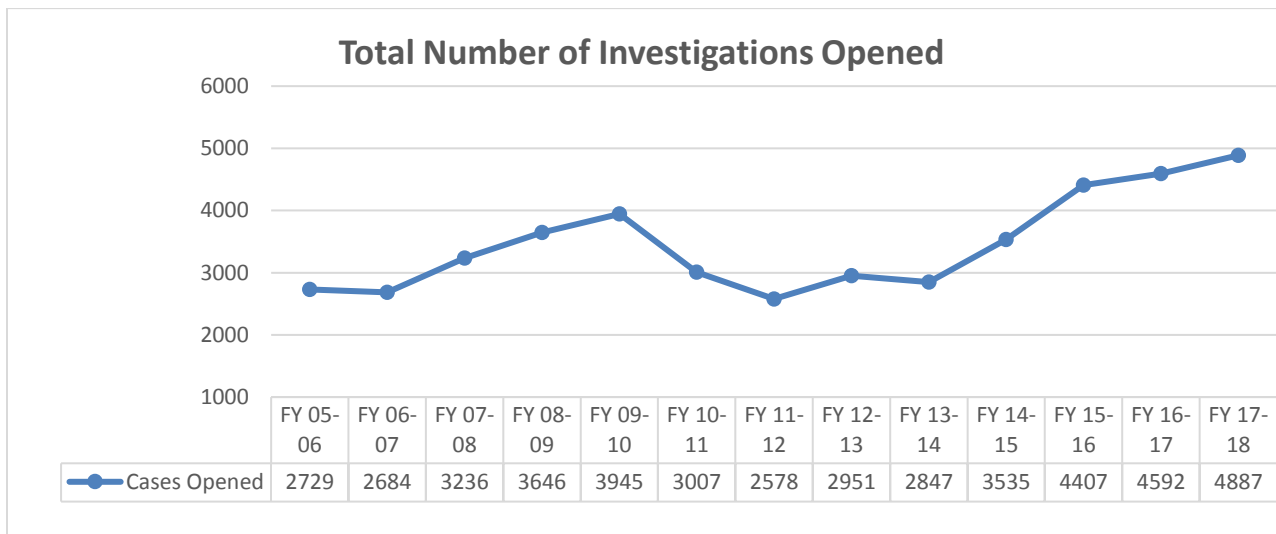
This effort has also freed up state resources to conduct code compliance activities and public outreach, among other activities.

All four functional areas of the Bureau; Plans Review, Inspection, Regulatory Licensing and Boilers, have benefited from an updated database to permit increased internal and external access, and significantly enhanced communications between the regional offices' staff and the Bureau. This solution is fully web-based and allows electronic access to inspection reports which minimizes the need for US Mail distribution and also permits the receipt of fees, adding 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 AGENT AND AGENCY SERVICES: LICENSURE, SALES APPOINTMENT & OVERSIGHT**

**Bureau of Investigation.** In Fiscal Year 2017-2018, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 4,887 opened investigations and 4,533 completed investigations. These investigations were conducted by 41 investigators located in Tallahassee and nine field offices throughout the state. 481 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 \$425,513.44 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. Of the investigations opened during FY 2017-2018, more than half were initiated by the bureau utilizing technology and access to valuable databases. These pro-active procedures enabled the Bureau to uncover more licensee misconduct rather than rely on them to self-report. The Bureau also referred 31 completed cases 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 FUNERAL, CEMETERY AND CONSUMER SERVICES**

The Division regulates approximately 10,000 death-care industry licensees of various types. Over a thousand new applications for licenses are received each year. Most of these applications require that the Division check the applicants' criminal and disciplinary history backgrounds. Many applications require Division review to assure that the applicants comply with detailed educational, technical training, and internship requirements. Many license categories also require administration of a licensure test and inspection of proposed facilities. Approximately 1,500 licensees must have their facilities inspected every year by Division staff. Additionally, Division staff conduct periodic examinations of over 500 licensees, which must maintain trust accounts regarding preneed sales and/or cemetery care and maintenance funds. The Division conducts periodic examinations of these licensees' trust accounts and related records to insure the licensees comply with the law.

Consumers and fellow licensees frequently file complaints against licensees. The Division investigates these complaints, and where appropriate, coordinates disciplinary action against the licensees, including coordinating disciplinary action taken by the Board of Funeral, Cemetery, and Consumer Services and the Department's Office of the General Counsel. Finally, the Division is 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 to investigate public assistance given by the state. 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 Office of Inspector General. 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 appropriate 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 within a 12-month period, and a first degree felony if the value totals \$100,000 or more within a consecutive 12-month period. 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 continued its investigative strategy to focus efforts on criminal investigations and use its OPS members to complete administrative referrals to DCF for disqualification for lower-threshold referrals. That focus paid off with over \$23.2 million in

fraud uncovered through investigations, a record amount for the division. The percent of criminal cases referred for prosecution exceeded 60% of all cases completed over the past year and accounted for \$20.0 million of the \$23.2 million total. DPAF emphasized SNAP trafficking violations based on USDA Office of Inspector General criminal cases in Florida. With nearly 1.7 million SNAP households in Florida, even the USDA-published standard of 1.3% of households trafficking means almost 22,000 households are potential traffickers. Trafficking will continue to require more effort and initiatives to find more efficient investigative processes using a DCF-DPAF partnership are underway.

**Conditions:** Florida has the third largest population of public assistance recipients in the nation behind California and Texas. Unlike most other states, Florida has not replaced welfare fraud investigators eliminated during lean budget years. DPAF is the only agency in Florida with the statutory authority to investigate public assistance programs under Chapters 409, 411 and 414. The Department of Children and Families has also lost personnel in 2014 that were used to calculate the amount of fraud based on evidence DPAF discovered in its investigations. What used to take 30-days or less to perform fraud calculations has now become at least a 45-day process. This causes a delay in completing investigations.

In June 2018, the number of SNAP households totaled 1,655,134; a 2.1% decrease from June 2017 (1,690,899). Most of this decrease was caused by reinstating work requirements for Able Bodied Adults Without Dependents (ABAWD) as a qualification to be eligible for SNAP and the improvement in the job market. 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 124,135 households statistically committing fraud. With only 48 Financial Crime Investigators authorized for DPAF, the ratio of households with fraud in their case to investigators is 2,586:1; the equivalent of 43 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.

In FY 2017-18, the Division also diverted its investigative staff to spend time serving as fraud deterrents in Food For Florida disaster SNAP sites for two and a half months. Although the number of cases increased by 189 (9.5%) over FY 2016-17 total, the support to the FFF sites did impact the quantity of cases produced. The 9.5% increase in cases yielded a 17.3% increase in the amount of fraud uncovered for restitution or recovery (an increase of \$3,420,7335 in fraud).

The Division will continue to pursue criminal cases of fraud in public assistance programs and is exploring ways to extend its impact on food stamp trafficking. Food stamp trafficking investigations are very resource-consuming and a legislative request to increase authority to fund OPS investigator to conduct trafficking interviews is currently being evaluated. Without interviews, trafficking investigations rely purely on compelling circumstantial evidence and administrative hearing officers are not always compelled to find a target guilty based solely on circumstantial evidence.

In order to make trafficking investigations cost effective for the division, a marked increase in the annual number of investigations completed by DPAF is needed. Those trafficking investigations must be profitable in terms of return on investment, and they must remain legally sufficient if outcomes are challenged in courts. If those three elements are present, then the use of OPS in field investigations will be successful and allow for a low-cost alternative to using FTE investigators to perform that function.

## **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 and building permit data to develop targeted referrals for its investigators. The Bureau's employer outreach campaign uses employment data from the Department of Revenue and compares it to the policy information carriers electronically file with us. The results of these regular data comparisons allow us to pinpoint employers who have a higher probability of being non-compliant with law. Outreach letters explaining Florida's coverage requirements and how to obtain a policy are mailed to employers and two to three weeks later, a more forceful-worded postcard is mailed to the employers. We then track whether an employer comes into compliance; if not, those employers are referred to our field offices to conduct on-site investigations. This data mining initiative accomplishes a number of goals for the Division: more employers gain knowledge of the law, employers voluntarily comply with the law by securing coverage themselves, more employees are covered in case of an accident and the Division is better able to direct its investigative resources. The Division will continue to refine its data-matching processes to produce even better results in the future.

The Check Cashing Store Task Force was created to find solutions to curb the premium fraud activity. Division of Workers' Compensation (DWC) staff, along with Division of Investigative and Forensic Services (DIFS) representatives were part of the task force. The task force recommended that legislation be enacted requiring Check Cashing Stores to obtain certain information from the payee, including the payee's workers' compensation policy number, and report that data to the Office of Financial Regulation (OFR). OFR was responsible for creating a check cashing store database. The database went live in the fall of 2015, and the DWC along with DIFS can access the data. Since the database has gone into production, the DWC has issued 31 stop-work orders to companies for materially underreporting payroll to their insurance companies in order to evade paying the proper premium. Those 31 companies reported just over \$6 million in their total, combined payroll to their respective insurance companies. In addition, those 31 companies cashed over 40,000 checks totaling \$336 million. Furthermore, DWC investigation shows that those checks were issued to those companies for providing labor-only construction services. DWC has referred those companies to DIFS for possible criminal prosecution.

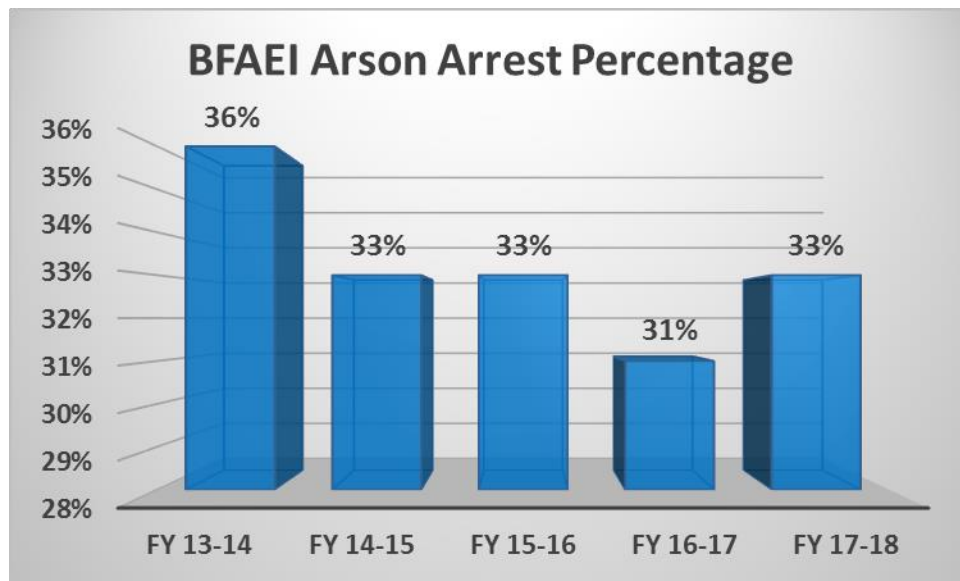
## **DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES:**

### **Bureau of Fire, Arson, and Explosives Investigations.**

The Bureau of Fire, Arson, and Explosives Investigations (BFAEI) is one of the law enforcement bureaus of the Division of Investigative and Forensic Services. 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.). BFAEI is also a member of the State Emergency Response Team; responding to natural and manmade disasters statewide (Chapter 252, F.S.). Additionally, BFAEI 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-BFAEI*). In part, this may be a result of detectives responding to fire scenes that have been preliminarily investigated by local fire personnel because 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-BFAEI**

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 Services**

The Bureau of Forensic Services (BFS) is the only state crime laboratory performing forensic analysis of fire and explosion crime scene evidence. For the past three fiscal years, the number of items submitted for processing have averaged 9,207. In the immediate past fiscal year, 2017–18 the Bureau processed 8,419 service requests.

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 slow drop over the past five fiscal years. In FY 2016-2017 the totals for fire debris samples and their associated quality assurance samples totaled 5,614. For FY 2017-2018 the totals for fire debris samples and their associated quality assurance samples totaled 5,546. This was a drop of only 68 samples or -1.21%.
- 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 2016-17 it had decreased to 353 (down 90.3%). In FY 2017-2018 it dropped further to 238 submissions (-115 samples or -32.58%)
  - We have been informed that the key reason is that methamphetamine from foreign sources have flooded the country with a very low price and that those still making methamphetamine use a "one-pot" reaction that can be performed anywhere, even in a car driving down the road so actual "laboratories" where a "cook" can occur is less likely.
  - 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 as well but not at the same dramatic rate for chemicals found in clandestine methamphetamine laboratories.
- The number of digital image case submissions dropped insignificantly from 2,835 in FY 2015-16 to 2,831 in FY 2016-17 (down 0.2%). This decrease was greater in FY 2017-2018 dropping to 2462 cases (-369 cases or -13.03%).

BFS 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.

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 report from Operation Foresight operated by the West Virginia State

University, 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 2017-18 was 7.9 days.

Scientific, accreditation and forensic requirements for laboratories continually increase. We are currently accredited by two international organizations, the ANSI National Accreditation Board and the American Association for Laboratory Accreditation. 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 effects 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. Generally, laboratories have a single dedicated position which oversees all accreditation activities. We are currently accredited by two separate accreditation bodies. The current staff must each absorb part of the duties better assigned to a single individual and get their other duties done as well.

### **Bureau of Insurance Fraud**

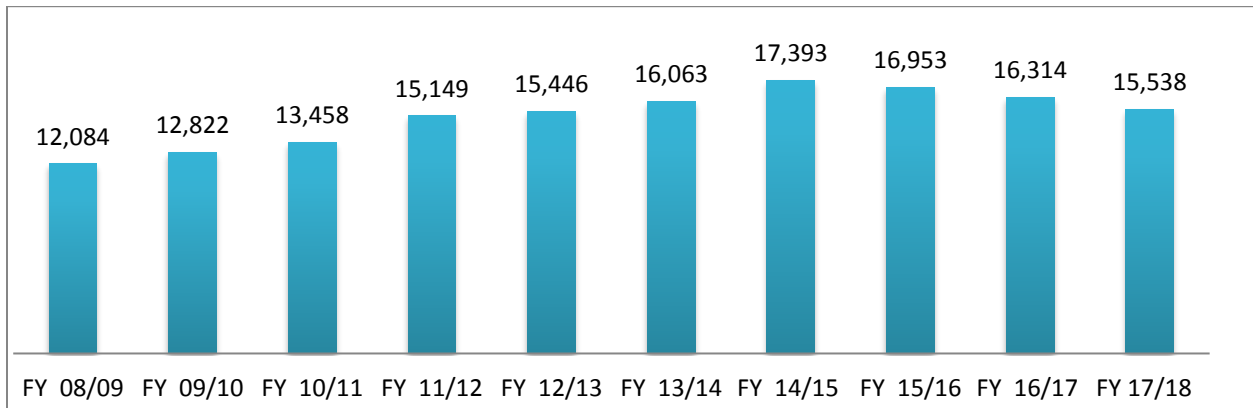
Section 626.989, Florida Statutes directs the Bureau of Insurance Fraud (BIF) to investigate and establish criminal cases against all persons and entities violating the state’s insurance fraud and workers’ compensation fraud statutes, insurance and workers’ compensation federal codes and other related statutes.

The Coalition Against Insurance Fraud (CAIF), a national alliance of consumer groups, insurance companies and government agencies, recognizes Florida’s Bureau 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 2017-18, the Bureau of Insurance Fraud made 984 arrests (includes arrests in which the division assisted other agencies); presented 1,108 cases for prosecution, and cleared 837 cases by successful prosecution. The bureau received 15,538 referrals during Fiscal Year 2017-18.

When considering court-ordered victim restitution, the bureau generates restitution to insurance fraud victims more than its budget on an annual basis. For the Fiscal Year 2017-18, the bureau’s budget was \$20,198,730 million. In contrast, the bureau requested \$79.9 million and secured \$37.8 million in court ordered restitution, accounting for more than \$1.87 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.

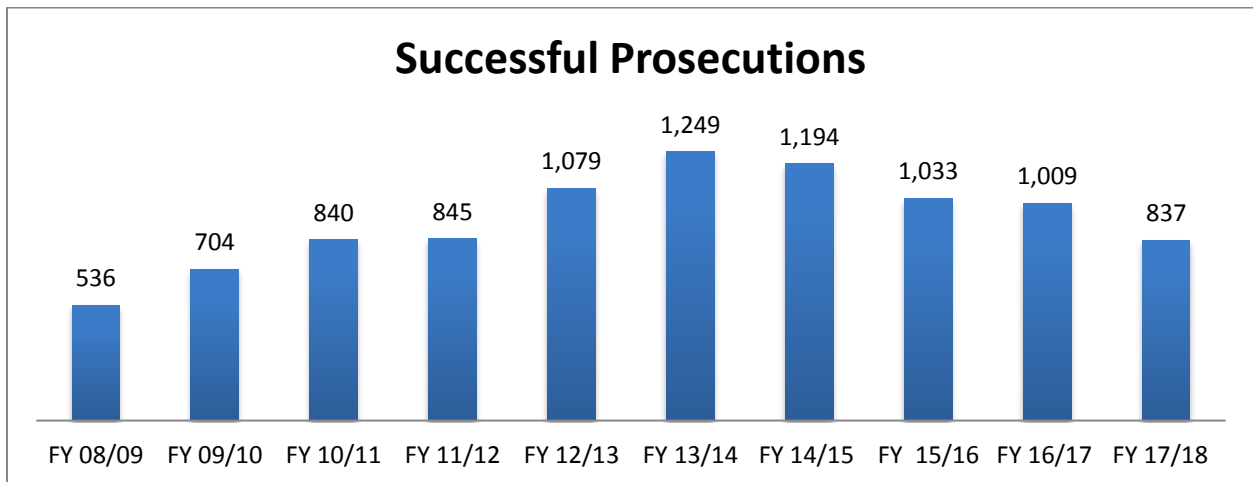
The bureau has experienced continued growth in the number of insurance fraud related referrals over a ten-year span; between Fiscal Year 2008-09 and 2017-18, referrals increased 65 percent (*Figure 1-DIF*).





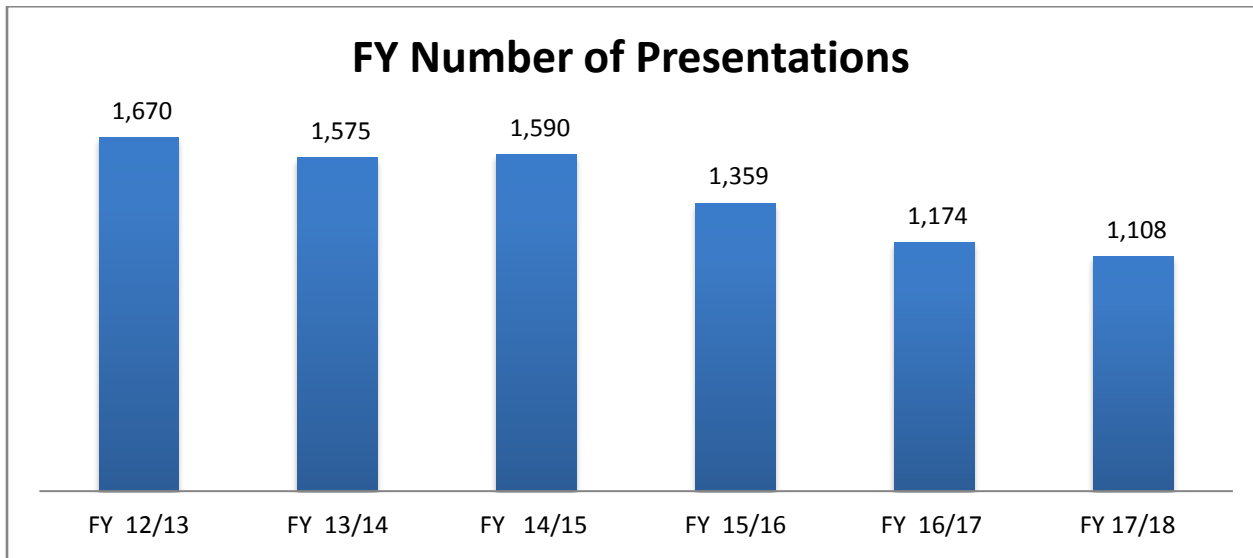
*Figure 1-DIF. Number of reported insurance fraud referrals received between FY 2008-09 and FY 2017-18.*

The bureau continues to see gains in the number of successful prosecutions, which have increased by 52 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 bureau court ordered restitution figures.



*Figure 2-DIF. Convictions have increased by 75.1 percent over the past ten years.*

Cases presented for prosecution decreased from 1,174 in Fiscal Year 2016-17 to 1,108 in Fiscal Year 2017-18.



In Fiscal Year 2017-18, the division averaged 10.47 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.

Twenty percent of the arrests made by bureau detectives during Fiscal Year 2017-18 were the result of Personal Injury Protection (PIP) fraud cases.

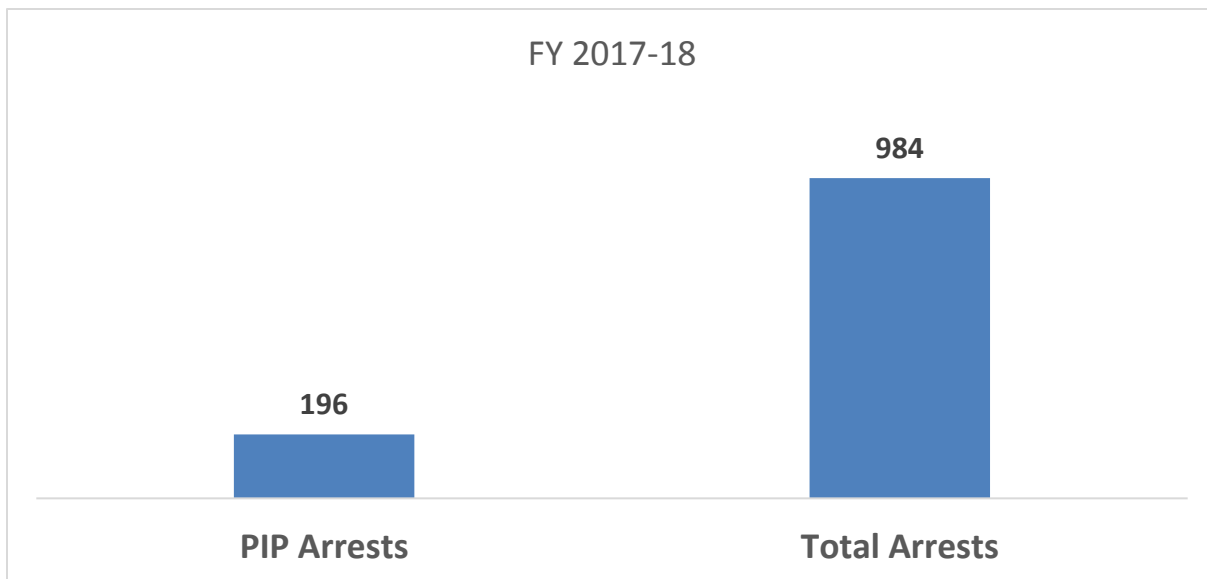


Figure 4-DIF. PIP arrests compared to all arrests for FY 2017-18

The bureau'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.

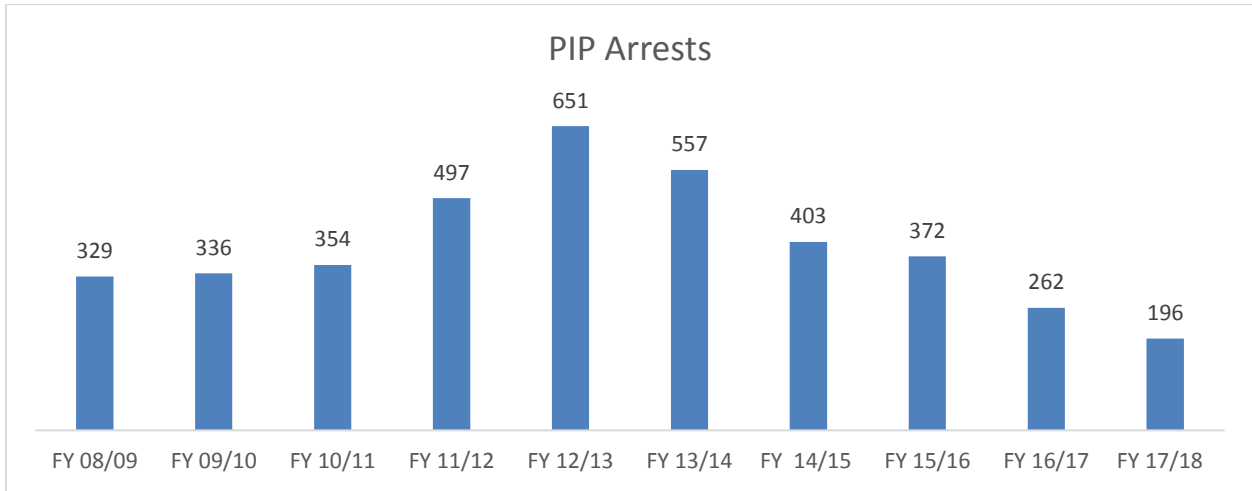


Figure 5-DIF. PIP Arrests decreased 40 percent from FY 2008-09 to FY 2017-18

Workers' Compensation fraud continues to be a problem in Florida, accounting for 40 percent of the division's arrests. The bureau plays an active role in the Florida Workers' Compensation Task Force to stay abreast of emerging issues.

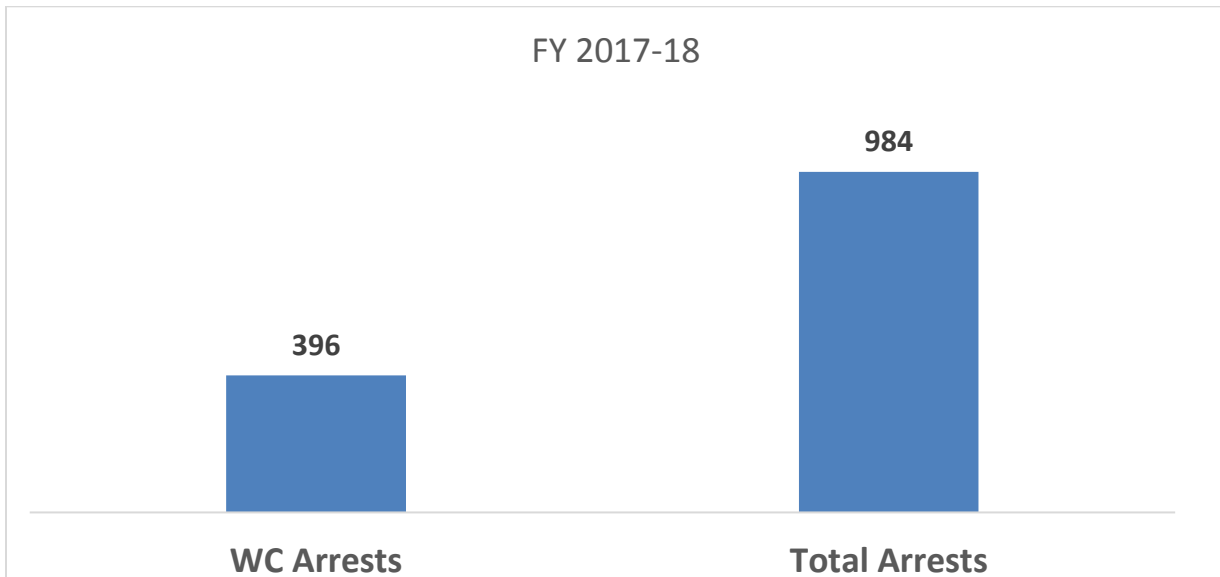


Figure 6-DIF. WC arrests compared to all arrests for FY 2017-18.

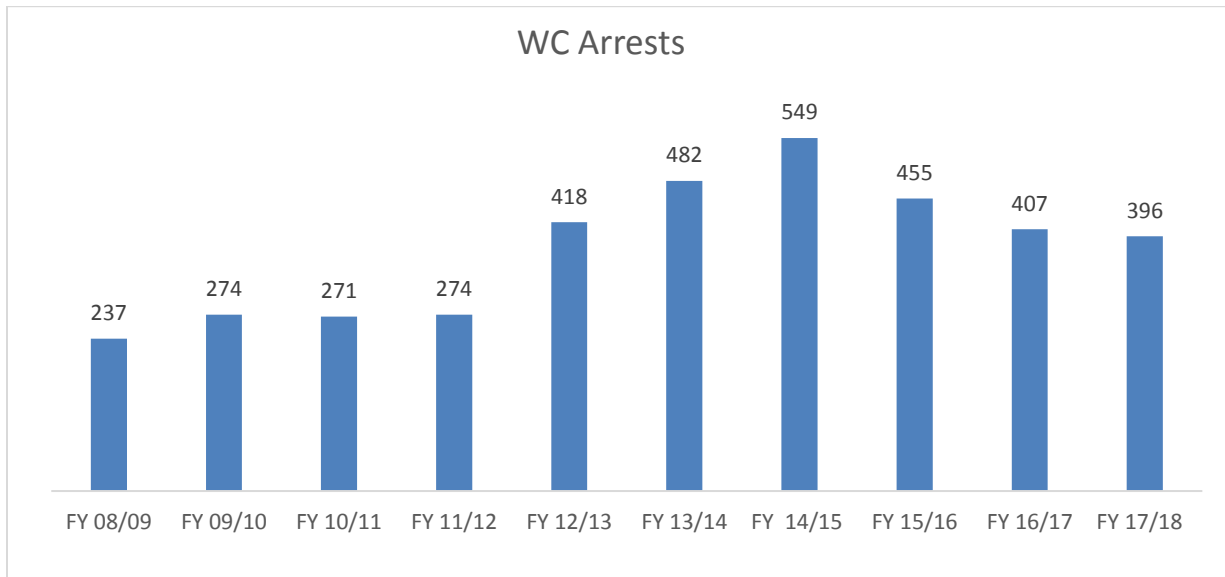


Figure 7-DIF. WC Arrests increased 67 percent from FY 2008-09 to FY 2017-18

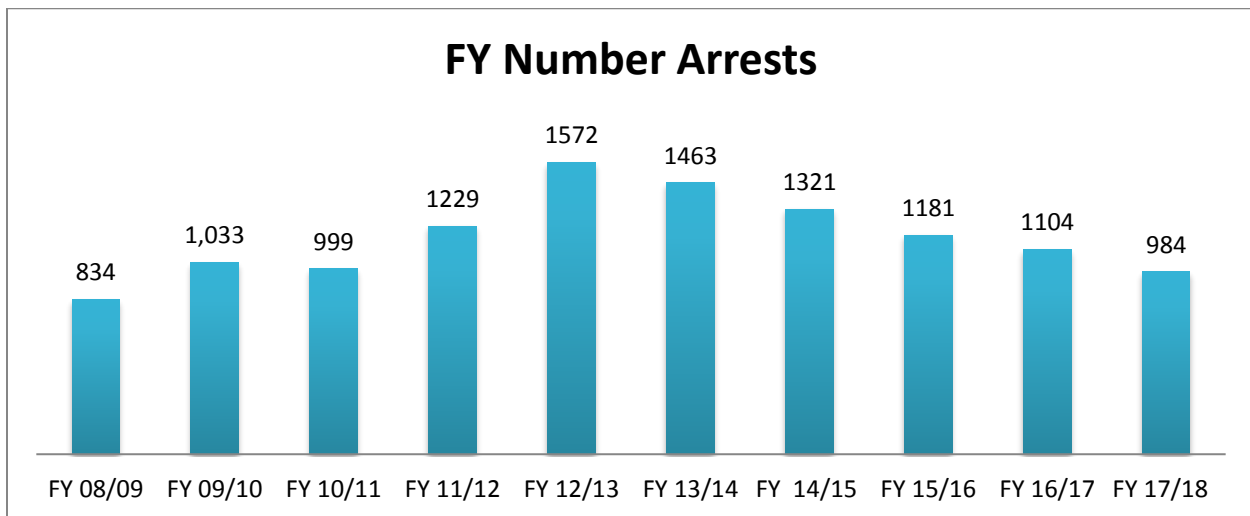


Figure 8-DIF. Arrests increased 18 percent from FY 2008-09 to FY 2017-18.

The Bureau 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 bureau'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.

### **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.

## **2) PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY**

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

#### **DIVISION OF ADMINISTRATION: EXECUTIVE DIRECTION AND SUPPORT SERVICES**

*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 2589.5 positions, and 164 temporary employees at the time of this report. The Division of Administration operates with 58 of these positions. Additionally, for FY 2018-2019, DFS/OFR/OIR has a total combined budget of \$395,190,693. DFS has 31 leases statewide for a total of 796,758 square feet and owns two facilities: the State Fire Marshal's Fire College, and the Bureau of Forensic Services' Arson Lab.

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. Also in 2003, the Division of Public Assistance Fraud within the Department of Law Enforcement was moved to the Department. In 2016, the Florida Legislature passed Senate Bill 908, which gave the department the authority to consolidate its law enforcement positions into a single division. The department continually reviews its business processes in order to ensure efficient use of human, operational and financial resources.

*Division of Administration: Office of Purchasing and Contractual 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, 2017, through June 30, 2018, the Treasury distributed earnings for the period of \$417 million. These earnings were up slightly from the previous year's distribution of \$389 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 .19% and .17% for the one and three year periods, respectively.

**Bureau of Funds Management** During the period July 1, 2017, through June 30, 2018, 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%.

**Bureau of Collateral Management.** During the period July 1, 2017, through June 30, 2018, Treasury's Bureau of Collateral Management processed over 20,000 transactions involving collateral from a variety of regulated entities. More than ninety-nine percent (99.95%) of these transactions were completed within the 3 day performance standard. This performance was considerably 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 ACCOUNTING AND AUDITING: STATE FINANCIAL INFORMATION AND STATE AGENCY ACCOUNTING**

**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 RISK MANAGEMENT: SELF-INSURED CLAIMS ADJUSTMENT**

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 116 employees and is organized into three (3) bureaus under the Office of the Director. The Bureau of Risk Financing and Loss Prevention, the Bureau of State Employee Workers' Compensation Claims, and the Bureau of State Liability and Property Claims administer the State Property and Casualty Claims Program. The program is responsible for the management of claims reported by or against state agencies and universities. The program adjusts reported claims, provides state agencies and universities with managerial

and actuarial information on loss payments, and makes timely payments to claimants and vendors. Claims are paid and payment information tracked using the Division's Insurance Management System (IMS). An adjuster authorizes a claim related payment and the Division's financial section processes the payment. For FY 2017-18, the Division produced approximately 91,721 checks and warrants.

<b>Claim type</b>	<b>Number of claims reported FY 2017-18</b>	<b>Number of claims with payment FY 2017-18 (for claims reported in all years)</b>	<b>Total loss payments for FY 2017-18 (for claims reported in all years)</b>
Workers' Compensation	12,828	15,136	\$119,608,360
General and Auto Liability	3,532	1,925	\$9,096,350
Federal Civil Rights & Employment Discrimination	437	1,003	\$10,762,397
Property	3,196	2,698	\$19,872,833
<b>Total</b>	<b>19,993</b>	<b>20,762</b>	<b>\$159,339,940</b>

*Table 1-RM. Claims reported, claims with payment, and total loss payments by claim type for FY 2017-18. Claim data from IMS; loss payments from FLAIR fund balance report.*

The total loss payments for FY 2017-18 increased 13.3% or \$18,758,221 from the \$140,581,719 paid in FY 2016-17. Workers' Compensation loss payments increased by \$10,808,151. General and Auto Liability loss payments decreased by 13.4% or \$1,406,053. Federal civil rights claims and property claims are greatly impacted by external forces such as legislation, case law, and catastrophic natural events. As such, each can vary greatly from year to year. In FY 2017-18, total loss payments for federal civil rights claims decreased 38.4% or \$6,717,861 and total property loss payments increased 423.1% or \$16,073,984 due to the payment of a named windstorm and flood event impacting multiple regions of the State during the fiscal year.

Operational costs have decreased by 2.0% from \$66,020,165 in FY 2016-17 to \$64,725,223 in FY 2017-18 for a difference of \$1,294,942.

The number of claims reported for FY 2017-18 increased 16.0% or 2,764 claims from the 17,229 claims reported for FY 2016-17. The bulk of the increase occurred on the Workers' Compensation and Property lines of coverage. Workers' Compensation claims increased by 3.9% or 478 claims reported. The Property line of coverage increased 199.8% or 2,130 claims as the result of Hurricane Irma, a named windstorm and flood event that occurred during the fiscal year. Reported claims for the General and Auto Liability lines of coverage increased 4.9% or 166 claims. Reported claims for the Federal Civil Rights line of coverage decreased 2.2% or 10 claims.

To better manage and safeguard state resources, the Division monitors loss payments and continues the implementation of several initiatives in the areas of contract management, data collection, and claims management.

The net increase in Loss Payments is the result of increased medical costs on workers' compensation claims and a named windstorm and flood event impacting the State of Florida.

The majority increased of medical costs occurred in the areas of hospitalization, physician care, and pharmaceutical benefits. The Division is working with its contract service providers to analyze these claims and costs to identify any trends or conditions for improvement. Hurricane Irma, a Category 4 storm, made landfall on Cudjoe Key on September 10, 2017, resulting in 3,135 claims being filed and approximately \$16.8 million in loss payments for FY 2017-18. The Division estimates an additional \$13.4 million in Hurricane Irma losses will be paid in FY 2018-19.

The Bureau of Risk Financing and Loss Prevention continues to build upon recent improvements in contract administration and looks for areas where contracted services can maximize value to the State. Improvements have focused upon the unbundling of contracted services as well as the consolidation of contracts for similar services. 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 Division continued to improve on contract administration during FY 2015-16 by submitting a legislative budget request to provide spending authority to consolidate all workers' compensation medical case management services under a single contractor and by creating a separate unit to oversee the Division's medical service contracts. The legislative budget request was approved and the Division is in the process of consolidating medical case management services under a single contractor. Current efforts focus on medical service pricing and controlling pharmacy costs.

The State Property Claims Unit's completion of an extensive data collection project provided more accurate data on insured state buildings and contents for the renewal of the State's excess property insurance. For the coverage period February 2018 through February 2019, the Division was able to purchase excess property insurance for 20,089 locations, \$22.8 billion in total insured value. The coverage above the State's \$40 million self-insurance retention for named wind and flood perils is \$78 million, which is \$14.5 million less than the \$92.5 million purchased for the coverage period February 2017 through February 2018. Due to a harder market in FY 2017-18, primarily caused by world-wide property loss events, the Division was unable to purchase the same amount of insurance for named wind and flood for the February 2018 placement and remain within the appropriation. Therefore, the Division reduced the amount of named wind and flood coverage purchased. The Division was able to maintain the purchase of \$225 million in coverage for all other perils for the February 2018 placement.

The Division continues to support and improve our new Insurance Management System (IMS). Administration and improvement of the IMS allows the Division to continue accomplishing 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 losses. 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 in February 2015, with final implementation being completed in June 2016. Over the previous year new interfaces have been put into place within the IMS, including integrating directly with the Florida Accounting



Information Resource (FLAIR) to allow for the direct submission of payments. Current efforts focus on identifying areas for process improvement and increasing automation and efficiencies, as well as providing more useful data to state agencies and universities.

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

Pursuant to Chapter 631, F.S., the Department serves as the court-appointed receiver of financially impaired or insolvent insurance companies and to protect consumer interests. The Division of Rehabilitation and Liquidation administers the various receiverships on behalf of the Department. The Division works to improve all phases of its operation in an effort to manage receiverships in a manner that yields the maximum value to claimants and the public.

Based on a five-year average, approximately two insurers are placed in receivership each year, primarily in the areas of life, health, and property and casualty insurance. During FY2017-18, the Department received two new receiverships.

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 just under the rate of two 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: LICENSURE, SALES APPOINTMENT & OVERSIGHT**

***Bureau of Licensing.*** The Bureau continues to streamline its work through automation and process efficiencies, in an effort to accomplish “more with less.” 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 2017-2018, the Bureau assisted and monitored an average of 438,028 licensees with at least one active appointment and 181,854 licensees not required to be appointed or not holding an active appointment. The Bureau processed 133,455 new applications, and processed 1,886,595 appointment actions (new, renewals and terminations). There were 123,568 new licenses issued in Fiscal Year 2017-2018, producing a total of 666,793 active licensees who hold a total of 881,641 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), which will enable 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 affecting customer satisfaction. These barriers include:

- 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 licensees' regulatory history. 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 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 also responsible for overseeing the examination process for insurance representative licensing. There are thirteen licensing examinations, and approximately 49,370 examinations were administered in Fiscal Year 2017-2018. The Bureau also approves and monitors pre-licensing and continuing education providers, courses and instructors. There were 432,831 individuals who completed pre-licensing and continuing education courses.

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

### **OFFICE OF GENERAL COUNSEL: LEGAL SERVICES**

*Public Records Section:* 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 re-created as the Public Records Office and made a section within the Office of the General Counsel. Personnel within the Public Records Section (PRS) coordinate multi-divisional requests, assign single division/office requests, update the Department public records manual (Manual), provide public records training to Department employees, and work with divisions and offices to establish public records performance measures for public records request processing times.

Public record requests may be received in any division or office in the Department, so each division/office in the Department has an employee assigned as its Public Records Coordinator and another employee assigned as back-up coordinator. The coordinators process requests in accordance with the Manual. The coordinators track requests, provide requestors with invoices for copying costs and other statutorily authorized fees, review and redact responsive records themselves or assign that function to other division or office personnel, and release responsive records upon receipt of payment.

The number of electronic records maintained by the Department has increased over time as agencies and the public rely more on technology to conduct day-to-day business. Consequently, the public also expects the Department to produce electronic records responsive to requests more quickly. PRS personnel is continually updating the Department's public records procedures to facilitate the compilation, review, redaction, and provision of records in a paperless, electronic environment.

PRS personnel also work frequently with Office of Information Technology (OIT) personnel 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 PRS and OIT are working with the divisions and offices 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. It is anticipated that this project will reduce the number of public record requests, help the public find and access Department records, and reduce costs for the Department and the public.

To ensure that all new Department employees are aware of public records laws and Department procedures pertinent to the production of records, the PRS personnel present basic information regarding public records law in Florida and its application to Department records at each New Employee Orientation. To further enhance employee training the PRS will develop an on-line course to refresh all agency employees' knowledge about public records requirements and the Department's process for responding to public record requests. PRS personnel ensure that the coordinators are trained, including providing quarterly training on a range of topics covering specific aspects of public records production and changes in public record law. Data security and the use of electronic tools to review and redact public records have been added to the training. This training includes the use of various electronic programs, such as Word, Adobe Acrobat, Excel, and Outlook.

#### **OFFICE OF INFORMATION TECHNOLOGY**

The Office of Information Technology (OIT), using modern cloud services, was able to redirect monies earmarked for traditional software license renewal in the approximate amount of \$134,000 to better support the department and its mission.

In addition to this cost avoidance, staff time is being leveraged to tailor project management training content for delivery to state staff valued at approximately \$160,000. This training is targeted to DFS and other agency staff that can benefit from a project knowledge base of state experience to increase project success statewide.

OIT staff also delivered business rule processing enhancements for Unclaimed Property that automated the completion of additional claims and reduced the number of claims requiring staff intervention to finish. These enhancements allow current staff to concentrate on more complex claim requests that automation is not able to perform, reducing the cost of processing per claim. Included in enhancements this year was support for more automated email through the Unclaimed Property system to reduce paper consumption, time, and postage, while notifying claimants of their disbursement sooner.

Architecture improvements to centralize vendor involvement for department business systems will significantly reduce costly application changes when implementing new electronic payment vendors in the future making solutions more flexible.

Also, in conjunction with a third-party vendor, credits for old mobile devices will now be attributed to the department's mobile invoice reducing unnecessary cost.

Understanding the vast opportunities that information technology can exhumate, OIT has embarked on a new direction to implement additional financial management controls into IT operations and decision-making. It is anticipated with this new IT financial knowledge that data-driven decision making will be available and assist the department with future technology direction.

The Office of Information Technology (OIT) continues to support the award-winning Florida Accountability Contract Tracking System (FACTS), which has operated since June 2012. OIT provides information technology (IT) infrastructure and helped develop FACTS, which Floridians use to scrutinize contract data from more than 30 state agencies, images of the top five contracts from each state agency, in addition to 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 through the support of OIT. With this data, citizens can review the amounts the State paid to businesses and which state agencies requested those payments.

In addition to continuing support and enhancements of FACTS, OIT will expand transparency in the upcoming years. More accounting data from the Florida Accounting Information Resource (FLAIR) is slated for public availability with the ultimate goal of making all accounting records available subject to the CFO's purview and public records law.

The 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 data use 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: STATE FINANCIAL INFORMATION AND STATE AGENCY ACCOUNTING**

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: EXECUTIVE DIRECTION AND SUPPORT SERVICES

***Bureau of Human Resource Management.*** The Bureau of Human Resource Management (HR) provides leadership in a contemporary human resource program while continually striving to enhance the services it provides to the department, OIR and OFR. 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, employee and labor relations, Affirmative Action/EEO, records, payroll, benefits, Employee Assistance Program, and performance reviews. Over the last fiscal year, HR processed 837 hiring appointments, more than 3,111 classification or organization changes, and 97 employee/labor relations cases. The office currently employs 15 full-time employees. The Office of Learning and Development was moved under the Bureau of Human Resources Management in early 2011.

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

- Design, develop, deliver and evaluate training courses;
- Facilitate and proctor sessions conducted by outside entities;
- Classroom and meeting space reservations;
- Leadership development programs;
- New Employee Orientation;
- Management Bootcamp (Supervisor Training)
- Administer the Department's volunteer program;
- Administer the Department's Prudential Productivity Awards program;
- Maintain the Department's training intranet hub;
- Maintain the Department's learning management system

- Organize leadership development activities
- Develop, deliver and monitor biennial compliance training
- Learning-oriented performance consulting and project management;
- Customized consulting services;
- Submit monthly compliance reports.

Learning events and programs are conducted using classroom, online or distance delivery to maximize the promotion of job skills. The office delivered learning events, meetings, and conferences for more than 2,000 attendees during last fiscal year, including employees from other agencies.

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 a ninth year of its Leadership Excellence (LEX) Academy leadership development curriculum. The LEX program encourages candidates to participate in a three-tiered leadership development program designed to cultivate a diverse network of proven leaders and rising stars. The three tiers are: Emerging Leaders, Leadership Foundations, and Executive Fellows. These programs will continue improving upon existing supervisory training.

The department also has a separate program, entitled Advancing Professionalism through Excellence (APEX), that is in its third year. APEX is a pivotal component towards ensuring the growth of professionals in the agency by ensuring graduates are fully prepared to improve relationships and increase efficiencies by developing their interpersonal and organizational skills. The Office of L&D works with each individual to increase motivation, build confidence, and share expertise.

### **OFFICE OF GENERAL COUNSEL: LEGAL SERVICES**

*Service of Process Section:* Historically service of process on insurance companies has been perfected by the service of documents in hard copy format, in duplicate, to the Department's Service of Process Section (SOP), totaling five million pages per year. In the past the Department forwarded two and one half (2.5) million pages per year to the insurance companies by postal mail, and SOP has scanned a copy of those millions of pages in compliance with records retention requirements. In the 2010 Legislative Session the Office proposed and supported the passage of legislation to require that only one copy of the process is submitted to the Department. This statutory change reduced the number of pages submitted to the Office for service by half and also reduced the handling time associated with Department review, management, filing, shipping, and storing of the extra document copy.

The Office continues to provide more efficient service and reduce operational costs by electronically transmitting the process notification and service documents to insurers. Transmitting the service documents to the insurers electronically has enabled the Department to make the documents available to the insurers on the same day. Currently, the average time to set up and prepare to serve process by certified mail to an insurer is 24-48 hours, so the electronic transmittal of documents reduces the time required to effect service of process by more than half. Additionally, the mail delivery time of 3-5 days has been eliminated. The Office met its goal of

providing electronic notification and the transmittal of documents to at least 80% of all insurers served by July 1, 2013, and is currently serving over 99% of the service documents electronically.

Legislation was passed to authorize the Department to create a new web portal for plaintiffs and attorneys to submit legal process documents and pay service fees electronically to the Department for service to the insurers. Parties who opt to use the new portal will eliminate printing costs, shipping costs, mail time, and will be able to retrieve their proof of service electronically immediately after the documents are served. The use of the new web portal will also further reduce the Office's budget for printing, scanning, postage, mail handling, check handling, and service package preparation.

The number of services received by the Department, and the associated SOP workload, is projected to continue to rise. Reducing the volume of hard copy documents received by the Department will result in a reduction in handling time, postage, and paper expense. The use of technology has allowed the Office to keep pace with the extra work while ensuring that the insurers receive process in the most expedient and efficient manner possible, which benefits plaintiffs, consumers, and the courts.

## **OFFICE OF INFORMATION TECHNOLOGY**

Information Technology Optimization Analysis:

In addition to delivering services like desktop and mobile computing, telecommunications and hardware platform support, the Office of Information Technology (OIT) supports an estimated 286 customer software applications, some of which are over 30 years old. The substantial size of OIT's service obligations evolved from a series of reorganizations, market and statutory changes throughout DFS' long history. While these services fulfill a variety of business need for OIT customers, there are redundancies and opportunities to optimize them.

***Functionality Inventory:*** Consistent with its budget request and various IT projects, OIT intends to better streamline and standardize its support of customer software applications. Beginning in Fiscal Year 2015-16, OIT began examining its lists of software applications for accuracy and relevance. This scrutiny led to the termination of 35 applications (thus leaving 286 in the inventory) after determining they were no longer necessary or could be displaced with some simple changes.

In Fiscal Year 2017-18, OIT enhanced this inventory with more comprehensive metadata about 110 of the customer applications. Subject matter experts and customer owners of these applications were asked to grade them on a scale of 1-5. The criteria for evaluation were:

- Customer Value – how useful and user friendly is the application, etc.?
- Data – how good is the data behind the application, how well is it structured, etc.?
- Code – how well is the software written, is it lucid, modern and documented, etc.?
- Security – how vulnerable is the system and its data, etc.?
- System Support – how reliable and difficult is it to sustain infrastructure for the application?

This information will add to other inventory data regarding customer applications thus ultimately leading to means for targeting some for elimination, consolidation, and modernization, and making improvements to processes and infrastructure. This analysis will include:

- An evaluation of future customer needs

- Functional and similarities between applications, data dependencies
- Technology dependencies
- Current and future capacity requirements
- Obsolescence and viability conditions

Additional metadata necessary to the analysis will be collected through concurrent initiatives described below.

***Service Management Software:*** OIT uses a service management software suite to manage, track and route 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 now in place, it will be able to 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 OIT's 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, OIT 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 identifying pieces of hardware supporting particular applications and determining which applications share databases and/or software code, etc.). This information will highlight opportunities to eliminate redundancy and reuse of resources.

***Resource Cost Assessment:*** As a technology service provider to the rest of the department, OIT effectively pools information technology resources. These resources are committed to the priorities of OIT's customers, the costs of which are currently assessed at a broad level. OIT developed a comprehensive resource allocation algorithm using the inventory data mentioned above, staff time reporting, system metering and expenditures to identify costs at a more detailed level as such data is categorized by cost categories. This information will provide management with better information for targeting systems and comparing options (including cloud computing and commercial off-the-shelf applications).

### **Florida PALM Support**

The Florida PALM project is a large-scale example of application streamlining and modernization. OIT 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 OIT 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. OIT understands 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, OIT 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 reducing the number of:

- 1) Places where data could be exposed
- 2) Ways to intrude (i.e. “attack vectors”)

### **Customer Satisfaction**

Listed among OIT’S Performance Measures are goals attached to survey results reflecting a positive view of OIT services. During Fiscal Year 2017-18, OIT surveyed users about its trouble ticketing system (i.e. people who call the Helpdesk for a variety of reasons) and requested users complete a survey asking them to rank their experience on a scale from 1-5 for six different categories. This resulted in an overall customer satisfaction rating of 99%. These surveys will continue in the coming year.

OIT is now collecting survey responses as a part of the daily routine between OIT and its customers by imbedding survey queries into trouble ticket closure emails.

### **Information Systems-FLAIR Infrastructure**

Up-Time Performance: The criteria for general IT operations and the operational improvements described here will continue to use measures for up-time performance for its servers, mainframe and network (which now stand, on average at 99.4% or above).

### **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 Program, 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.

The Program's funds have increased to over \$4.4 billion in assets. This is up from \$4.0 billion at the beginning of the period.

Participation rate for State employees is 41.2%. This is up slightly from the 40.1% rate at the beginning of the period.

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.

## **PLANNING, ACCOUNTING, AND LEDGER MANAGEMENT**

**Florida PALM Project.** The State of Florida's current accounting and cash management systems FLAIR and CMS have been performing the State's accounting and financial management functions for over 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 2014 study affirmed our concerns and recommended replacing these systems (FLAIR and CMS) with a single, integrated financial management solution. In 2014, the Legislature wisely appropriated funds to ensure there are dedicated staff and a comprehensive plan in place to manage this complex system transition. This effort, known as *Florida PALM* (for Planning, Accounting, and Ledger Management), is in its fourth year of execution and is in the process of performing negotiations to contract with a software and system integrator (SSI) who will assist the state in implementing a financial management solution.

The goals of implementing Florida PALM 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

In Fiscal Year 2017-2018, Florida PALM accomplished the following:

- Conducted Executive Steering Committee meetings;
- Collaborated with the Agency for State Technology for project management oversight and technical support;
- Engaged Independent Verification and Validation services;
- Completed a determination of responsiveness of the Replies to the ITN for the procurement of SSI services;
- Completed negotiations for SSI services;
- Held a public meeting of the negotiation team to recommend an award for SSI services;

- Obtained CFO decision on the intent to award for SSI services; and
- Closed out Pre-DDI (Design, Development, and Implementation) phase of Project.

## **DIVISION OF STATE FIRE MARSHAL: PROFESSIONAL TRAINING AND STANDARDS**

***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 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 more than 6,000 students in 300 plus classes per year. The BFST provides regulatory authority and certification, renewals of certification, and testing for approximately 70,000 firefighters in over 530 fire service providers in Florida. The Bureau also provides curriculum support, administrative and regulatory authority, and certification testing for 44 certified fire training centers which provide firefighter minimum standards training.

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.

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.

	<b>Number of Class Offerings</b>	<b>Number of Student Contact Hours</b>	<b>Number of Students Trained</b>
<b>FY13-14</b>	289	173,508	6786
<b>FY14-15</b>	325	203,841	8349
<b>FY15-16</b>	216	144,054	4,006
<b>FY16-17</b>	335	260,000	6,969
<b>FY17-18</b>	314	232,455	5,551

### ***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***

The Bureau is currently accredited by the National Board on Professional Firefighter Qualifications (“Pro Board”) in 46 “levels”. The Bureau received accreditation from the International Fire Service Accreditation Congress (IFSAC) in nine program areas with additional program areas under review. The Bureau was also successful in achieving accreditation from Pro Board for Fire Investigator.

### **DIVISION OF RISK MANAGEMENT: SELF INSURED CLAIMS ADJUSTMENT**

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-run universities, and other insured entities. For FY 2017-18, the number of paid/reserve occupational injuries (workers’ compensation claims) per 100 full-time employees is 3.39, which is based on 199,151 workers’ compensation full-time employees and 6,748 claims paid/reserve for the fiscal year.

Statewide loss prevention standards originally adopted in 2010 were extensively reviewed for revision and redeveloped as *Agency Risk Management Program Evaluation Guidelines* in FY 2016-17. These guidelines function as a model of best practices for the effective implementation of agency risk management programs as well as an assessment tool in the Division’s evaluation of agency risk management programs under s. 284.50(4), Florida Statutes. Revised guidelines mirror the expanded scope of agency risk management program evaluations from the safety program and workers’ compensation line of coverage to the broader risk management program, including the areas of employment discrimination/federal civil rights and general/automobile liability. The implementation of expanded agency risk management program evaluations began in FY 2017-18.

The Division completed implementation of a new Insurance Management System (IMS) in FY 15-16. A goal of the project was to ensure the Division continues to accomplish its mission of providing participating state agencies with quality technical assistance in managing risks. In support of that mission, the Division is working to improve data sharing and to provide portal access to its customers. Improved data sharing will allow a more seamless transfer of data between the division, contractors, and customers. The addition of portal access will provide Division customers with the ability to manage and maintain their data within the IMS and provide access to the customer’s certificates of insurance.

Additional improvements in service to customers will come from Division initiatives such as increased on-line training, increased use of data mining and analytics (internal and external), and increased consultations to assist our customers in making decisions regarding their claims and loss prevention programs.

### **DIVISION OF CONSUMER SERVICES: CONSUMER ASSISTANCE**

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 more than 760,000 Floridians with insurance or financial issues. Assistance is provided primarily through the statewide toll-free helpline and the Division's website, email and direct mail correspondence. Approximately 91% of the requests for insurance assistance involve Homeowner's Insurance, Auto Insurance or Health Insurance. The Division also provides call center services to the Divisions of Insurance Agent and Agency Services, Unclaimed Property, Rehabilitation and Liquidation and Investigative and Forensic Services.

During FY 2017-2018, in the aftermath of Hurricane Irma, the Division assisted more than 10,000 insurance consumers that were impacted by the hurricane and recovered more than \$12.2 million dollars on behalf of those consumers. The Division received the highest number of Hurricane Irma-related insurance complaints for the following reasons:

- 49% of the complaints involved a claim handling or adjuster delay
- 21% of the complaints involved a request for mediation
- 14% of the complaints involved a claim underpayment or an unsatisfactory claim settlement offer
- 10% of the complaints involved a claim denial

The types of complaints listed above represent 94% of the total Hurricane Irma-related insurance complaints received.

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 and provide a high level of customer service. 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 its quality of 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 and streamline 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 and concerns 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 broadened the amount of information that is available to consumers by creating a new Consumer Protection Information Section on the Division's Website related to the Hurricane Deductible. Florida laws are very specific regarding when the Hurricane Deductible applies, for what duration of time and how many can be applied in a calendar year. This new section informs consumers through educational videos, consumer tip sheets and informational guides and brochures to create a better understanding of how a Hurricane Deductible can impact a claim. It is the Division's goal that this information will further empower consumers to make informed financial and insurance decisions and prepare consumers prior to a hurricane, so if impacted, recovery can occur as quickly as possible.

The Division is responsible for reporting potential regulatory violations to the appropriate regulators. From July 2017 through June 2018, the Division sent 2,200 regulatory referrals to the

Divisions of Insurance Agent and Agency Services and Investigative and Forensic Services and to 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 Department became responsible for death care industry regulation in 2005, it was estimated that 35 FTE would be required to optimally perform the responsibilities. The legislature approved that number of FTE positions. However, primarily due to funding limitations, the Division's staffing level has been limited to a maximum of 25 FTE positions.

The Division handles all consumer inquiries regarding the death care industry. Annually, Division staff field thousands of calls from consumers, licensees, public officials, media, and other organizations. The Division does not have staff solely devoted to handling such calls. Instead, Division employees, particularly those in the Division's Tallahassee office, handle these calls as they come into the Division on its main phone line. Division staff handle these consumer inquiries in addition to their daily work responsibilities. The consumer phone calls and inquires frequently involve questions/complaints concerning services related to the death of the consumer's family member or loved one. The consumers are often under significant emotional distress during these calls. Division employees are particularly sensitive to consumer needs during such times and take great care to address the consumers' concerns in a professional and timely manner.

The Division coordinates all disciplinary actions against licensees with the Board of Funeral, Cemetery, and Consumer Services (the "Board") and the Department's Office of the General Counsel. Under chapter 497, Florida Statutes, the Division and the Board are partners in the regulatory process. While the Board is vested with final administrative authority, it is the Division which performs all investigations, examinations, and inspections of licensees. If disciplinary action is needed, the Division coordinates with the Department's Office of the General Counsel and presents the results of its field work and recommendations regarding discipline to the Board for its decision. The Division also routinely reviews and presents licensing applications and other regulatory matters to the Board for appropriate action. The Board meets monthly, alternating between telephonic and physical meetings, to make its decisions.

## **DIVISION OF WORKERS' COMPENSATION**

The DWC will continue to leverage data and technology to improve our service to our stakeholders. Here are just several examples of this initiative.

- DWC developed a web-based tool that employers and agents can use to see which carriers are actively writing policies for their specific operations. The Coverage Assistance Program regularly experiences 200-250 visits per week.
- In 2017, a new product was developed jointly by our Bureau of Monitoring Audit, Bureau of Financial Accountability, Bureau of Employee Assistance and Ombudsman Office, and the Bureau of Data Quality and Collection. The Insurer Regulatory Report is given to executives of insurance companies several weeks prior to us conducting an audit of their respective claims-handling practices. The report further engages and informs regulated entities about their claims-handling practices. Carriers can use the information to identify key processes, policies, or practices that are instrumental in maintaining or improving their performance levels. Performance data is shown by individual carrier and by the industry average, so the individual carrier can see if it is performing better or worse than the industry average. In addition, the report contains sections on “Where Your Assessment Dollars Go”, which displays a breakdown of the dollars collected by the Workers’ Compensation Administration Trust Fund and where those dollars go, results from the Injured Workers Survey of lost-time claimants conducted by the Bureau of Employee Assistance Office that includes information about their perceptions of their medical treatment, and Division News and Tools contains rulemaking updates and other ways to engage with the Division and its staff.
- This year the Division will publish its first publication, in a series of publications, that provide insight into the unique aspects of the Florida’s Workers’ Compensation. The first publication will answer the following question: “What is happening in the construction industry from a workers’ compensation perspective?”
- The Division also provided stakeholders and public policymakers with the 2018 edition the “Workers’ Compensation Summary”, which contains foundational workers’ compensation data and information so that more informed decisions can be made when workers’ compensation issues are deliberated.

For insurers and health care providers, the Division in conjunction with the Three-Member Panel, will continue to identify and make significant reimbursement policy changes to achieve cost containment and appropriate payments to providers, while promoting access to care for injured workers. The Three-Member Panel is created in s. 440.13(12), F.S. and consists of the Chief Financial Officer, or the Chief Financial Officer’s designee, and two members appointed by the Governor, subject to confirmation by the Senate. One of the Governor appointees represents employers and the other represents employees. The panel is required to annually update the schedules of maximum reimbursement allowances and to assess and make recommendations to ensure access to quality care at a reasonable cost to the workers’ compensation system. The Three-Member Panel will publish its 2019 Biennial Report, to include specific legislative recommendations to improve the workers’ compensation medical benefit delivery system.

The DWC played an active role during the 2018 Legislative Session and is ready to actively participate in the upcoming 2019 Legislative Session as needed. The DWC is currently undergoing rulemaking related to the passage of SB 376, which expanded indemnity benefits to first responders from work-related Posttraumatic Stress Disorder. The Legislature may again address workers' compensation reform in response to two Supreme Court Decisions that led to a rate increase of 14.5% based upon the most recent NCCI filing that went into effect 12/1/2016, and a subsequent rate decrease of 9.8% that went to effect on January 1, 2018. The 2019 annual NCCI workers' compensation rate filing will contain the first significant experience period related to the effects of the two Supreme Court decisions described below.

- The Florida Supreme Court's opinion in the case of *Castellanos vs. Next Door Company, et al.*, declared Section 440.34, Florida Statutes, unconstitutional. The impact of the decision is the elimination of the statutory caps on claimant attorney fees and a return to hourly fees.
- The Florida Supreme Court's opinion in the case of *Bradley Westphal vs. City of St. Petersburg, etc, et al*, declared the 104-week limitation on temporary total disability benefits established in Section 440.15(2)(a), Florida Statutes, unconstitutional. The impact of the decision is a combined 260-week limitation on temporary disability benefits (temporary total disability and/or temporary partial disability).

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

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

###### **DIVISION 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 Division 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 Division continually works to improve efficiencies in receiving unclaimed property from holders, and in returning the funds to rightful owners.

###### **DIVISION OF CONSUMER SERVICES: CONSUMER ASSISTANCE**

The Division of Consumer Services strives to educate and assist consumers with financial and insurance issues through its public 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. In January 2018, the Division launched the Finance Your Future mobile app equivalent to the online financial literacy course that provides an interactive, engaging way for middle and high school students to learn about finances. The app is available in the Google Play Store and Apple App Store and can be downloaded on any mobile device at no cost.

In April 2018, the Division hosted its inaugural Manage My Money Day Event in Clearwater, which provided persons with developmental disabilities the opportunity to engage with local financial institutions to encourage attendees to save. Additionally, in June 2018, the Division hosted its inaugural Are You One in Five? Event in the Villages to educate seniors on financial frauds and scams. The event brought together senior service organizations to share information on how to combat and prevent senior financial exploitation.

During the 2018 Legislative Session, the Division was successful in suggesting and promoting financial education legislation through HB 1073. HB 1073 was passed and signed into law, effective July 1, 2018, which requires all youth transitioning out of Florida's foster care system to receive financial skills training through the Department's Finance Your Future online financial literacy course.

Through the Division's Operation S.A.F.E. Program, 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. 188 Be Scam Smart Workshops have been held statewide and more than 127,000 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 **C.L.I.M.B.**, Children Learning the Importance of Money Basics, a financial education program for youth ages 10 and younger to learn about basic money management. C.L.I.M.B. follows Sammie, the Saving Scottie, through a series of animated videos and books as he learns and teaches children the basics of money management such as saving, budgeting and decision-making, in a fun, engaging way that will resonate with young children. C.L.I.M.B. features three accompanying books that are available for download and free ordering. Coloring pages and an activity book are also available. C.L.I.M.B. is scheduled to launch Fall 2018.

The Division has developed an On-Demand educational video library that consumers can access through the website to learn more about specific insurance and financial topics. The library includes 23 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.

## **DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES:**

### **Bureau of Insurance Fraud**

When considering court ordered-victim restitution, the bureau generates restitution to insurance fraud victims more than its budget on an annual basis. For the Fiscal Year 2017-18, the division's budget was \$20.2 million. In contrast the bureau requested \$79.9 million and secured \$37.8 million in court ordered restitution, accounting for more than \$1.87 in restitution dollars ordered on every dollar spent funding the bureau. 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.

# 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.

**Workers' Compensation Fraud Task Force.** Created in 1992 by the then Florida Department of Insurance (now the Florida Department of Financial Services) with the mission of reviewing industry standards, processes, procedures, laws, administrative rules, and regulations for making recommendations for the prevention, investigation, and prosecution of various types of workers' compensation insurance fraud. The original task force started with approximately 10 to 15 members from the insurance industry, employers, Division of Investigative and Forensic Services personnel and interested citizens.

The membership is currently at 181 and consists of representatives from insurance carriers and their Special Investigative Units, employers, Division of Investigative and Forensic Services (DIFS) personnel, Division of Workers' Compensation, Bureau of Compliance personnel, Professional Employee Organizations (PEO), union representatives (Carpenters and Steel Workers), workers' compensation insurance adjusters, the Florida Workers' Compensation Joint Underwriters Association (FWCJUA), the National Council on Compensation Insurance (NCCI) and attorneys. All members have some interaction or connection with and to the insurance industry.

## PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

**Deferred Compensation Advisory Council.** The Deferred Compensation Advisory Council exists under §112.215(8)(a), Florida Statutes, and consists of seven appointed members, representing the eligible constituencies for the State of Florida Deferred Compensation Plan. The respective members are appointed by the Speaker of the House of Representatives and President of the Senate (jointly), the Chief Justice of the Supreme Court, the chair of the Public Employee Relations Commission, the Chancellor of the State University System, the Chief Financial Officer, the Governor, and the Executive Director of the State Board of Administration. Each member shall serve a term of 4 years from the date of appointment. The council shall annually elect a chair from its members. The council meets semi-annually and provides assistance and recommendations to the Chief Financial Officer relating to the provisions of the plan, the insurance or investment options to be offered under the plan, and any other contracts or appointments deemed necessary by the council and the Chief Financial Officer to carry out the provisions of §112.215, Florida Statutes.

**Treasury Investment Council.** The Treasury Investment Council exists within the Division of Treasury consisting of at least five members, three of whom are professionals from the private sector, who must possess special knowledge, experience, and familiarity in finance, investments,

or accounting. The members of the council must be appointed by and serve at the pleasure of the Chief Financial Officer. Each member shall serve a term of 4 years from the date of appointment. The council shall annually elect a chair and vice chair from among its members.

The council shall review the investments as required by Florida Statute, meet with staff of the Division of Treasury at least biannually, and provide recommendations to the Division of Treasury and the Chief Financial Officer regarding investment policy, strategy, and procedures.

**Florida PALM Project.** The State of Florida's current accounting and cash management systems FLAIR and CMS have been performing the State's accounting and financial management functions for over 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 2014 study affirmed our concerns and recommended replacing these systems (FLAIR and CMS) with a single, integrated financial management solution. In 2014, the Legislature wisely appropriated funds to ensure there are dedicated staff and a comprehensive plan in place to manage this complex system transition. This effort, known as *Florida PALM* (for Planning, Accounting, and Ledger Management), is in its fourth year of execution and is in the process of performing negotiations to contract with a software and system integrator (SSI) who will assist the state in implementing a financial management solution.

The goals of implementing Florida PALM 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

In Fiscal Year 2017-2018, Florida PALM accomplished the following:

- Conducted Executive Steering Committee meetings;
- Collaborated with the Agency for State Technology for project management oversight and technical support;
- Engaged Independent Verification and Validation services;
- Completed a determination of responsiveness of the Replies to the ITN for the procurement of SSI services;
- Completed negotiations for SSI services;
- Held a public meeting of the negotiation team to recommend an award for SSI services;
- Obtained CFO decision on the intent to award for SSI services; and
- Closed out Pre-DDI (Design, Development, and Implementation) phase of Project.

**Florida Accountability and Contract Tracking System (FACTS).**, Section 215.985, Florida Statutes 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 2017-18, a total of 104,878 state contracts and 76,998 contract images were available online.

In 2016, the U.S. Public Interest Research Group (PIRG) ranked Florida third in the nation for transparency. PIRG’s *2016 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.

In 2018, PIRG made some grading changes to their evaluation process and Florida’s “A” rating was changed to a C+. PIRG disclosed that Florida needs to improve on reporting of Quasi-Public Agencies and Citizen-Centric Financial Reporting.

**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 2016-17 found that 22.9 percent of state contracts had one or more deficiencies. However, the recent audit of Fiscal Year 2017-18 contracts found that the number of deficient contracts declined to 12.4 percent.

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 12,000 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**

**Operational Reviews.** The Office of the General Counsel conducts operational reviews to assess the management and operations of the divisions and offices within the Department’s regulatory framework. The desired outcome of these reviews is to recommend changes that will result in decreased waste, reduced risks, and increased transparency. The following objectives

have been established for the scope of the operational reviews and may be revised based on identified risks associated with the division or office under review: evaluate the mission, vision, and stated objectives for consistency with statutory authority and obligations; determine compliance with laws, rules, guidelines, policies, and procedures; determine efficiency and effectiveness of operations in meeting stated objectives and statutory obligations; and follow up on findings and corrective actions identified in prior audits or reviews.

**Operation Dispatch.** The Department of Financial Services announced the “Operation Dispatch” initiative in May of 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 to Florida standards.

To assist the veterans with the transitional training, a restructuring of the method of delivery was made. Essentials of Firefighter text and workbooks are made available to the candidates of this program once the registration into the 40-hour program is complete. This provides a means for the candidates to study the material that they will be tested on for Firefighter I and II examination prior to attending the class. Feedback from students that completed the program previously indicated that it is challenging to learn all the written material and learn the necessary skills in 40 hours and pass the State exam.

In preparation for the practical examination, a video of the practical skills is available for the candidates to review. The video enables the candidates to review required skills for fire ground operations and essential verbal safety commands that are required when performing these tasks. With the delivery of the written text, workbook and the video, students are better prepared and have a better understanding to the requirements when they participate in this training.

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 timelier 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 provides several initiatives to help empower Floridians to be financially responsible and independent and make better informed financial decisions. The Department offers a variety of resources and interactive tools on its 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 2017-2018:

- **The Department launched the Finance Your Future App**, an app equivalent to the online financial literacy course that provides an interactive, engaging way for middle and high school students to learn about finances. Parents, teachers and other adults will also benefit from the material, whether as a refresher or learning it for the first time. The program’s app

was released in January 2018 and is available in the Google Play Store and Apple App Store. The program's website is [FinanceYourFuture.MyFloridaCFO.com](http://FinanceYourFuture.MyFloridaCFO.com).

- During the 2018 Legislative Session, HB 1073 was passed and signed into law, effective July 1, 2018, which requires all youth transitioning out of Florida's foster care system to receive financial skills training through the Department's Finance Your Future online financial literacy course.

### **Programs in development:**

- **C.L.I.M.B.**, Children Learning the Importance of Money Basics, is a financial education program for youth ages 10 and younger to learn about basic money management. C.L.I.M.B. follows Sammie, the Saving Scottie, through a series of animated videos and books as he learns and teaches children the basics of money management such as saving, budgeting and decision-making, in a fun, engaging way that will resonate with young children. C.L.I.M.B. features three accompanying books that are available for download and free ordering. Coloring pages and an activity book are also available. C.L.I.M.B. is scheduled to launch Fall 2018.

### **Consumer Outreach Efforts**

**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. Be Scam Smart workshops to educate Florida seniors about financial planning and protection. Since 2011, the Department has hosted 188 English and Spanish Operation S.A.F.E. workshops throughout Florida and educated more than 127,600 seniors through its various senior outreach initiatives.

- Hosted 33 Operation S.A.F.E. (Stop Adult Financial Exploitation) Be Scam Smart workshops throughout the state, educating nearly 800 attendees.
- The Division hosted its inaugural Are You One in Five? Event in the Villages to educate seniors on financial frauds and scams. The event brought together senior service organizations to share information on how to combat this horrible crime. Approximately 150 persons attended.
- The Division hosted its inaugural Manage My Money Day Event in Clearwater, which provided persons with developmental disabilities the opportunity to engage with financial institutions in the area to encourage attendees to save. Approximately 135 persons attended.
- Educated nearly 13,360 Floridians on the Division's programs and services through outreach activities, including non-traditional events such as the GuideWell Source Continuity Fest (Disaster Preparedness), Neighborhood Prep Disaster Workshop, National Foster Care Conference, Homeless Veterans Stand Down, Leon County Home Expo, Jewish American Heritage Breakfast and others.

- Received a Prudential Productivity Award for the development of My Money, the Division's financial literacy program for persons with developmental disabilities.

### **Partners**

- Established new partnerships with several organizations to promote and spread awareness of the Division's programs and services. Some examples include RESPECT of Florida, Early Learning Coalition of the Big Bend, Volunteer Florida, Family Care Council Florida, Florida Association of Centers for Independent Living (FACIL) and the Independent Living Research Utilization.

### **Office of Insurance Consumer Advocate (ICA)**

#### **Statutory Appointments**

**Florida Workers' Compensation Joint Underwriting Association (FWCJUA)** — Created in section 627.311(4), Florida Statutes, the FWCJUA provides workers' compensation and employers' liability insurance to applicants who are required by law to maintain workers' compensation and employers' liability insurance but who are unable to purchase this insurance through the admitted voluntary market.

**Florida Surplus Lines Service Office (FSLSO)** — Created in section 626.921, Florida Statutes, the FSLSO is a self-regulating organization whose purpose is promoting a stable, efficient and financially strong surplus lines insurance market in Florida.

**Florida Commission on Hurricane Loss Projection Methodology (FCHLPM)** — Created in section 627.0628, Florida Statutes, the FCHLPM is a board of experts who provide the most actuarially sophisticated guidelines and standards for the projection of hurricane losses.

**Florida Workers' Compensation Insurance Guaranty Association (FWCIGA)** — Created in section 631.911, Florida Statutes, the FWCIGA provides a source of funds for insureds whose insurance companies become insolvent.

**Florida Workers' Compensation Appeals Board (Appeals Board)** — Created in section 627.291(2), Florida Statutes, the Appeals Board provides individuals an independent review of the employers' classification code assigned to them by an insurance company for the purpose of establishing their workers' compensation rate.

#### **Committee Appointments**

**Citizens' Consumer Services Committee** — Citizens Property Insurance Corporation (Citizens) Consumer Services Committee was formed in April 2007. The Committee discusses and acts on matters pertaining to changes in policy and forms and is updated by Citizens staff on customer care trends, consumer related accomplishments, upcoming projects, initiatives and is provided insight on how customer service is handled internally. The Committee meetings are held at key locations around the State to make it accessible to the public for feedback on issues affecting policyholders.

**National Association of Insurance Commissioners (NAIC), Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee**  
*Consumer Outreach and Assistance Post-Disaster (C) Subgroup*



This subgroup is drafting a consumer-focused Claims Guide which details the Preparation Phase before a disaster strikes and walks the consumer through the phases of the claims process: 1) the loss or damage to house/property; 2) claim reporting; 3) adjusting/estimating of a claim; 4) rebuilding and repairing; and 5) finalizing and settling of a claim. In addition, the subgroup is developing a voluntary industry survey which will help determine the development of a model guideline, white paper, and/or compilation of best practices to reduce post-disaster insurance recovery obstacles for consumers.

#### ***Post-Catastrophe Regulatory Guidance (C) Subgroup***

This subgroup is charged with investigating and making recommendations on ways the NAIC can assist the states in responding to disasters; discussing issues surrounding loss mitigation; and, updating the State Disaster Response Plan. The goal is to provide a blueprint for action by the states to respond to catastrophic events. This Subgroup is working to draft the: Catastrophic Event/Emergency Measures Regulatory Guidelines. These guidelines identify steps that the Insurance Commissioner/Director/Superintendent or Department may take in promulgating an emergency rule and/or regulation when there has been a Declaration of a State of Emergency. The topics include: elements of an emergency rule; claim reporting requirements; grace period for the payment of insurance premiums; temporary postponement of cancellations and non-renewals; requiring insurer to make reasonable efforts to contact policyholders that have been displaced or property inaccessible; waiving time restrictions on prescription medication refills; and, licensure of emergency property and motor vehicle adjusters.

Consumer Outreach and Assistance Post-Disaster (C) Subgroup: Discussed the draft claims guide and the voluntary industry survey with is due by August 31, 2017.

## **ICA INITIATIVES AND STUDIES**

**ICA, DFS and OIR Consumer Service Meetings** — This meeting provides an opportunity for state agencies dealing with insurance consumer issues to discuss consumer complaints, industry trends and business practices that impact consumers. Two meetings a month are held to separately discuss property and casualty and life and health consumer issues. Meetings are attended by DFS Consumer Services, the Office of Insurance Regulation and the Office of the Insurance Consumer Advocate staff. The goal is to stay abreast of current issues and concerns, cooperatively exchange information and review or identify trends that impact insurance consumers.

**Hurricane Irma Response Team Participation** – The ICA participated with the Department of Financial Services Incident Management Team to coordinate response efforts after Hurricane Irma to impacted consumers in the state. ICA staff handled Hurricane Irma consumer requests made directly to the Office that dealt with insurance issues currently tracked by the ICA. Additionally, the ICA provided updated hurricane and flood information and direction to resources via the ICA website that discussed hurricane deductibles, debris removal, flooding, food spoilage, downed service poles, and repairs. The website also provided direct links to the Division of Consumer Services, the Florida Attorney General Price Gouging Hotline, and the FEMA Fraud Hotline. This information was provided in a flyer format that was distributed to local areas around Leon County.

**ICA Consumer Outreach Events** – The ICA participated in two consumer outreach events in the central Florida and south Florida regions in the summer of 2017. The events were advertised and open to the public. The ICA was an invited participant on behalf of the Progressive Seniors Club of Apopka, Florida and the City of Palm Beach Gardens who hosted the events. These events provide the ICA with the opportunity to speak directly with consumers to hear what insurance issues impact their daily lives, help consumers with their insurance questions and refer them to educational and/or departmental resources to become more informed on insurance products.

**Emergency Medical Transportation Working Group** –In 2016, the ICA formed the Emergency Medical Transportation (EMT) Working Group to assess the impact of emergency medical transportation costs to Florida’s insurance consumers, gather information, and analyze data in a thoughtful, deliberative, and collaborative manner. The EMT Working Group brought industry stakeholders together in an effort to gain a balanced perspective on the air and ground ambulance industry and help provide solutions to protect consumers from financial distress after suffering from a medical emergency. Informed by the EMT Working Group’s year-long commitment to gathering information and data to assess the impact of EMT costs to Florida’s insurance consumers, the ICA put forth several recommendations to protect Florida’s insurance consumers from surprise emergency medical transportation costs in the Office of the Insurance Consumer Advocate’s White Paper: Emergency Medical Transportation Costs in Florida.

**OIR Public Hearings:** The ICA participated in the high-profile rate hearing held by the Office of Insurance Regulation (OIR) regarding Citizens’ Property Insurance Corporation’s annual rate filing. The ICA provided testimony to all stakeholders on the impact of assignment of benefits and rate increases. Additionally, the ICA was invited by OIR to participate in the hearing panel for the proposed merger of American Family Insurance Mutual Holding Company and Main Street American Group Mutual Holdings, Inc.

**Policy Communications** – The ICA reached out to U.S Representative Buchanan, U.S. Representative Curbelo, and U.S. Senator Nelson regarding the affiliate reinsurance tax proposal that was looking to be included in the upcoming corporate tax reform plans. The ICA expressed concerns regarding the effect of the proposed tax reform on Florida consumers and Florida’s economy. Additionally, the ICA reached out to the President and CEO of People’s Trust Insurance Company and expressed concerns regarding the insurer’s announcement to use customer’s credit scores as a means to price policy premiums.

**National Association of Insurance Commissioners (NAIC)** – The ICA Office attended the 2017 Summer National Meeting in Philadelphia, PA, and concentrated on committees that were focused on issues relating to Florida insurance consumers. Meetings attended included the AIC Government Liaison Committee, the Senior Issues (B) Task Force, the Long-Term Care Insurance (B/E) Task Force, the Health Insurance and Managed Care (B) Committee, and the Regulatory Framework (B) Task Force. Also, the ICA is following the meetings and progress of the NAIC Workers’ Compensation (C) Task Force, the Market Regulation and Consumer Affairs (D) Committee, the Southeast Zone Meeting, and the Ad Hoc Air Ambulance Meeting.

**NFIP Office of the Flood Insurance Advocate Webinar** – The ICA hosted a live public webinar that provided important information linking stakeholders with the Office of the Flood Insurance Advocate, exploring the program’s mission, and updating the participants on recent changes to the NFIP that affect current and potential NFIP policyholders.



# 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      Department No.: 43000000**

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 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Administrative costs as a percent of total agency costs	5.00%	4.90%	5.00%	5.00%
Administrative positions as a percent of total agency positions	6.00%	6.30%	6.00%	6.00%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percent of closed files involving allegations of statutory violation that were successfully prosecuted	92%	97%	92%	92%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percent of scheduled hours computer and network are available	99.95%	97.82%	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	95%	99.0%	95%	95%
Establish a comprehensive functional inventory of Department software applications.	69	110	69	69%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percentage of referred cases responded to and/or transferred within three (3) days of receipt.	90%	96%	90%	90%
Percentage of rate filings subject to public hearing which were reviewed by our office.	95%	100%	95%	95%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Percentage of scheduled hours computer and network is available	99%	99.40%	99%	99%



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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle.	100%	100%	100%	100%
Percentage of Collateral Administrative Program transactions completed within three business days.	97%	99%	97%	97%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.	0.2%	0.13%	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      Department No.: 43000000**

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

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Percentage of state employees participation in the State Deferred Compensation Plan	40.0%	41.3%	40.0%	40.0%

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

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000

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 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Number of agencies audited for Contract/Grant Managers performance	8	0	8	8
Number of contracts reviewed	1,100	1,258	1,100	1,100
<b>Request Deletion:</b> Percentage of accounts collected annually from CFOs contracted collection agents.	1.5%	N/A	1.5%	<b>Request Deletion</b>

## LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000

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

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
<span style="color: red;">Revise Measure:</span> Number of reported accounts uploaded into UPMIS <del>and the reported dollar value</del>	1.8 million / \$325 million	2.4 million / \$357 million	1.8 million / \$325 million	<span style="color: red;">Adjust Standard</span> 2.2 million / <span style="color: red;">remove dollar value</span>
Number of claims paid and total dollar amount of claim payments	370,000 / \$240 million	623,000 / \$320 million	370,000 / \$240 million	<span style="color: red;">Adjust Standard</span> 400,000 / \$240 million
Percentage of claims processed within 60 days from date received (cumulative total)	60%	69%	60%	60%
Number of new holders reporting unclaimed property in the fiscal year	2,000	3,480	2,000	<span style="color: red;">Adjust Standard</span> 2300

**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: Florida Planning, Accounting and Ledger Management (PALM)	Code: 43200300

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
	N/A	N/A	N/A	N/A

This budget entity was created effective July 1, 2018. The department is working to develop performance measures and will request consideration of new performance for this entity in a future performance measure amendment.

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43300000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percentage of mandated regulatory inspections completed	100%	100%	100%	100%
Number of regulatory inspections completed	1,000	1,029	1,000	1,000
Percentage of fire code inspections completed within statutory defined timeframes	100%	100%	100%	100%
Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	8,000	8,089	8,000	8,000

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Number of students trained and classroom contact hours provided by the Florida State Fire College	5,500/175,000	5,551/233,621	5,500/175,000	5,500/175,000
Percentage of Fire College students passing certification exam on first attempt	75%	90%	75%	75%
Number of Florida State Fire College Certification Programs submitted for national accreditation or re-accreditation	3	10	3	3



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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 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%

## LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000

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

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
<b>Revise Methodology:</b> Average loss adjustment expense per claim worked	\$1,850	\$1,600	\$1,850	\$1,850
Average cost of workers' compensation claims paid	\$7,150	\$7,457	\$7,150	\$7,150
Percentage of liability claims closed in relation to liability claims worked during the fiscal year	49%	62%	49%	Adjust Standard 64%
Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C.	95%	97%	95%	95%
Number of workers' compensation claims worked	22,000	21,817	22,000	22,000
Number of liability claims worked	4,250	6,196	4,250	Adjust Standard 6000
Number of state property loss/damage claims worked	120	3,387	120	120
Percentage of tort liability claim files resolved within four (4) years without litigation	81%	82%	81%	81%
Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)	80	111	80	80

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percentage of service requests closed within 30 days	90%	100%	90%	90%
Percentage of non-claimant related invoices paid within 40 days	96%	100%	96%	96%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Cost of Licensing Operations per active license.	\$2.96	\$2.92	\$2.96	\$2.96
Average Direct Cost of Investigation Operations per completed investigation.	\$935	\$944.73	\$935	\$935
Average number of investigations completed per investigator	114.0	125.9	114.0	114.0
Average number of applications processed per licensing FTE	3,200	4,029.3	3,200	3,200

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

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER

Department No.: 43000000

Program: Licensing and Consumer Protection

Code: 43500000

Service/Budget Entity: Consumer Assistance

Code: 43500400

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Percentage of helpline call and service request audits that result in quality service	95%	91%	95%	95%
Percentage of consumer survey responses that rate the Division's services as very good or excellent	78%	76%	78%	78%
Percentage of answered phone calls that are answered within four minutes	80%	84%	80%	80%
Percentage of monetary eligible service requests that result in a recovery	85%	85%	85%	85%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
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	53	65	65
Percentage of deficiency letters sent out within 5 business days of receiving the application	88%	91%	88%	88%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Public Assistance Fraud	Code: 43500700

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget	300%	1072%	300%	Adjust Standard 500%
Number of completed cases resulting in referral for disqualification or prosecution	3,000	2,175	3,000	3,000

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

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

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Percentage of first indemnity payments made timely	95%	95.0%	95%	95%
Number of employer investigations conducted	32,000	28,790	32,000	32,000
Percentage of disputes resolved for injured workers by the Employee Assistance Office	92%	94%	92%	92%
Number of Petitions for Reimbursement Dispute Resolution resolved	3,152	3,912	3,152	Adjust Standard 4,000
Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	81%	83%	81%	Adjust Standard 82%



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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Fire and Arson Investigations	Code: 43700100

<b>Approved Performance Measures for FY 2018-19 (Words)</b>	<b>Approved Prior Year Standard FY 2017-18 (Numbers)</b>	<b>Prior Year Actual FY 2017-18 (Numbers)</b>	<b>Approved Standards for FY 2018-19 (Numbers)</b>	<b>Requested FY 2019-20 Standard (Numbers)</b>
Percentage of referrals declined by State Attorney's Office for prosecution	10%	10.6%	10%	10%
Percentage of arson cases cleared	20%	33.0%	20%	20%
Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	81.0%	80%	80%
Percent of closed arson investigations for which an arrest was made in Florida	18%	33.0%	18%	18%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Forensic Services	Code: 43700200

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
The number of items analyzed chemically plus the number of imaging items processed.	13,650	8,419	13,650	Adjust Standard 8,500

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Insurance Fraud	Code: 43700300

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	75%	53%	75%	75%
Number of insurance fraud arrests (not including workers' compensation cases)	795	588	795	795
Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	429	396	429	429
Number of cases presented for prosecution	1,320	1,108	1,320	1,320
<b>Court ordered restitution as a percentage of requested restitution.</b>	70%		70%	<b>Request Deletion</b>
Requested restitution as a percentage of annual appropriated budget.	200%	200%	200%	200%

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

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER      Department No.: 43000000**

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Office of Fiscal Integrity	Code: 43700400

Approved Performance Measures for FY 2018-19 (Words)	Approved Prior Year Standard FY 2017-18 (Numbers)	Prior Year Actual FY 2017-18 (Numbers)	Approved Standards for FY 2018-19 (Numbers)	Requested FY 2019-20 Standard (Numbers)
Percentage of Office of Fiscal Integrity investigations that result in action	50%	53%	50%	50%



# 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:** Information Technology/43010300

**Measure:** Percentage of scheduled hours computer and network is available

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
99.95%	97.82%	0.021	2.13%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

The report providing the up-time data appears to contain several servers that may have been retired (or slated to retire) yet are still connected to the network during their transition out of service. Thus, they showed up-times of 0 to 75 percent thus skewing the overall data. OIT is investigating and if this is confirmed, data on these servers will be excluded from the overall average.

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

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

**Explanation:**

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

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

**Recommendations:**

Assuming the above caveat is not relevant, the various performance enhancement and monitoring tools OIT is implementing will remedy performance deficiencies. Identifying servers slated for decommission or in test/development will also be addressed when reporting future numbers.

## 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:** Establish a comprehensive functional inventory of Department software applications.

**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
69	110	41	59.42%

**Factors Accounting for 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:**

Year two of measure and staff being educated on the process and the need to understand the department's IT debt contributed to a higher number of applications being graded to determine possible roadmaps for improvement.

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

- |                                                                              |                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Additional training opportunities will be forthcoming as this measure is further instilled within the operations of the divisions.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**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 three (3) days of receipt

**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%	96%	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:** The OICA continuously monitors for cases that are submitted to the office and assigns the cases to analysts on an hourly basis for response or transfer.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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 OICA received fewer cases for this fiscal year compared to last fiscal year, allowing for a higher percentage to be responded to within 3 days.

**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 OICA will continue to monitor the Actual Performance Results for this measure and, if determined, update the Approved Standard.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**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:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	100%	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 type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** The OICA monitors rate filings made to the Florida Office of Insurance Regulation daily, and proactively identifies and reviews filings that may be subject to a public rate hearing.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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 OICA contracted with an actuarial firm, which allowed the OICA to perform unbiased, consumer-focused reviews of rate filings subject to public hearing, as needed.

**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 OICA will continue to monitor the Actual Performance Results for this measure and, if determined, update the Approved Standard.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

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

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

**Measure:** Percentage of scheduled hours computer and network is available

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
99%	99.4%	0.4	0.4%

**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:**

One unscheduled restart of the mainframe was performed at 2:00 am on July 17<sup>th</sup> due to an operating system error which lasted approximately 30 minutes.

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

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

**Explanation:**

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

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

**Recommendations:**

Scheduled maintenance for mainframe operations identified six Sunday mornings through FY17/18 in which the mainframe was taken offline. The duration of scheduled unavailability did not exceed the allotted time per instance, thus the mainframe for FLAIR availability was 100% during identified business hours (Monday through Friday 6:00am until 7:00pm).

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

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

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

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
0.2%	0.52%	0.32%	160%

**Factors Accounting for the Difference:**

**Internal Factors** (check all 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:** The portfolio has a three-year cumulative return of 3.51%, with the index of 2.99%. This was a difference of 0.525% and above the standard of .20% by .32%. This is due to good allocation decisions, market performance, and management of the portfolios.

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

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

**Explanation:**

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

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

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

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

**Measure:** Percentage of state employee's participation in the State Deferred Compensation Plan

**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
40.0%	41.3%	1.3%	3.25%

**Factors Accounting for the Difference:**

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

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

**Explanation:** Staff of the Bureau of Deferred Compensation were critical in promoting the program and presenting educational materials to potential participants during benefits fairs held all over the state which helped raise awareness of the benefit of saving money now for retirement later.

**External Factors** (check all 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:** State employees and participating local government employees have become more focused on becoming retirement ready and have made the choice to either join the Deferred Compensation Plan or increase their current contribution.

**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:** Continued devotion of resources that has allowed the staff of Deferred Compensation to perform outreach and educational workshops which has increased awareness of the program state-wide.

## 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	0	8 Under	100

**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:**

The Bureau of Auditing is comprised of 76 FTE. The Bureau of Auditing provides assurance to the taxpayers of Florida, through the efficient pre-audit of state disbursements, and other financial transactions, that funds disbursed from the State Treasury are in accordance with applicable laws, rules and administrative policies.

Of the 76 FTE, six (6) FTE are responsible for conducting audits of contract and grant manager files to evaluate whether agency management has established and implemented contract monitoring processes that promote an appropriate level of oversight and control over the accomplishment and receipt of significant deliverables and the authorization of payments for invoiced deliverables.

The Contract Management Review (CMR) team is comprised of six (6) FTE, as follows: one (1) Financial Administrator, four (4) Government Analyst II and one (1) Professional Accountant Specialist positions. During Fiscal Year 17/18, the (CMR) team had the following vacancies, one (1) Financial Administrator, one (1) Professional Accountant Specialist and three (3) Government Analyst II positions.

In November 2017, the Financial Administrator position was filled and the Department began the process of filling vacant positions, as well as revamping the process for conducting the contract management reviews, to improve efficiency. New policies and procedures were developed and hands on training was conducted beginning in January 2018 to help guide new staff in completing the contract management reviews. Staff began their first review with the Florida Department of Health in March 2018 with completion in July 2018 and are currently in the process of review with the Department of Juvenile Justice since July 2018.

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

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

**Explanation:**

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

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

**Recommendations:**

As of August 6, 2018, the team only has one (1) vacancy, the Professional Accountant Specialist. Efforts are underway to fill that vacancy. With the newly established efficiencies in the process as well as new policies and procedures, it is expected the team will be able to complete eight (8) contract management reviews for Fiscal Year 18/19. The Department has also established training to address the identified deficiencies/issues with other state agencies.

## 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	1,258	158 Over	14.36%

**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:** The Bureau of Auditing is comprised of 76 FTE. The Bureau of Auditing provides assurance to the taxpayers of Florida, through the efficient pre-audit of state disbursements, and other financial transactions, that funds disbursed from the State Treasury are in accordance with applicable laws, rules and administrative policies.

Of the 76 FTE, 30 FTE are responsible for conducting contract and grant agreement reviews that meet, or are in excess of the established threshold, to ensure contract and grants agreements are in compliance with all applicable laws. During Fiscal Year 17/18, the Bureau was fully staffed with the 30 FTE. Thus, the Bureau could complete 1,258 contract and grant agreement reviews.

It is expected that the Bureau will remain fully staffed with the 30 FTE responsible for conducting contract and grant agreement reviews for Fiscal Year 18/19. The estimated number of contracts and grant agreement reviews to be completed for Fiscal Year 18/19 is 1,100.

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

- |                                                                              |                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Resources 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 accounts collected annually from CFO's contracted collection agents.

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1.5%			

**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 type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |                                                 |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |                                                 |

**Explanation:** This measure is based on the performance of a contracted agent of the Department and does not reflect the actual efforts of the Department itself.

**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 reported accounts uploaded into UPMIS and the reported dollar value

**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
1.8 Million / \$325 Million	2.4 Million \$357 Million	600,000 Over \$32 Million Over	33% Over 10% Over

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

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

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

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

**Recommendations:**

Remove the reported dollar value measure and revise the approved standard for the number of owner accounts uploaded to UPMIS.

## 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 and total dollar amount of claim payments

**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
370,000 / \$240 Million	623,000 Over \$320 Million Over	253,000 Over \$80 Million Over	68% Over 33% Over

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

- |                                                                              |                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> 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 new electronic claims process along with 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:**

Revise the approved standard for the number of claims paid.

## 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%	69%	9% Over	15% Over

**Factors Accounting for the Difference:**

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

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

**Explanation:** The number of claims received has increased more than 72% during the last five years. However, staff size has remained constant during the same period. At one point during FY17/18, there was over 90,000 outstanding claims to be processed. As a result, the Division implemented overtime for the Claims section. In addition, modifications were implemented for the electronic claims process to improve efficiency. Both factors together caused the actual performance results for this measure.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input 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 new electronic claims process along with 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. As a result, the Division implemented overtime for the Claims section.

**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 monitoring for projected increase in claims received.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

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

**Measure:** Number of new holders reporting unclaimed property in the fiscal year

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2,000	3,480	1,480 Over	74% Over

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

Increased efforts in holder outreach education and compliance (as well as audits), combined with an overall increase in general awareness of unclaimed property requirements have resulted in more new holders reporting/remitting unclaimed property.

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

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

**Recommendations:**

Revise the approved standard for the number of new holders reporting unclaimed property in a fiscal year.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

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

**Measure:** Number of Students Trained and Classroom Contact Hours Provided by the Florida State Fire College

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,500/175,000	5551/233,621	+51/+58,621	+0.9%/+33.5%

**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 checked="" type="checkbox"/> Target Population Change                 | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |                                                 |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |                                                 |

**Explanation:** Includes numbers of military students completing specialized training. These students cannot be depended on as regular students as they are from out-of-state installations.

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

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

**Recommendations:**

Continue to monitor results.

## 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%	90.2%	+15.2%	15.2%

**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	10	+7	233%

**Factors Accounting for the Difference:**

**Internal Factors** (check all 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. Reaccreditation is completed at five (5) year intervals. In intervening years, we expect to achieve three as a norm, but in the fifth year, the large numbers occur as that would be the normal reaccreditation cycle for most BFST 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:** State Property and Casualty Claims

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

**Measure:** Average loss adjustment expense per claim worked.

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$1,850	\$1,600	(\$250)	(14%)

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

Actual performance results are calculated by dividing the sum of defined operating expenditures by the total number of claims worked during the fiscal year. For FY17-18, captured operating expenditures decreased less than 1% while the number of worked claims increased by 16.1% or 4,353 claims. A large portion of the claims worked in FY17-18 are the result of Hurricane Irma's impact on the State during the fiscal year. For FY17-18, 3,258 hurricane related claims were worked.

Adjusting for hurricane related claims worked, the average loss adjustment cost for FY17-18 is \$1,785 per claim.

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

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

**Recommendations:**

The Division will continue to monitor this measure and the approved standard to determine if future adjustments are required.



## 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
\$7,150	\$7,457	\$307	4%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

This measure calculates the average cost of claims after four (4) years of claim development. As anticipated, legislative increases in the medical fee schedule and maximum compensation rate, as well as court rulings affecting the cost of providing workers' compensation benefits have contributed to increased costs. Additionally, medical costs overall have increased, further contributing to an increase in the four (4) year average.

**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 the effect of fee schedule increases, medical costs overall and court rulings.

## 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:** Percentage of liability claims closed in relation to liability claims worked during the fiscal year

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
49%	62%	13%	27%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

Due to a change in the way the Florida Department of Transportation (DOT) manages liability claims, a larger number of claims were submitted to the Division of Risk Management during FY 2017-18. These claims are typically minor and tend to close quickly, resulting in a higher outcome.

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

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

DOT changed the process by which claims were handled in FY 2015-16. Whereas past minor property damage claims would have been managed by DOT, the current process submits all claims to the Division of Risk Management for claims adjusting.

**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:**

Division personnel have direct access to and have been trained on the DOT claims management system. The Division will continue to monitor the impact of the change in DOT claims management and the increase in the number of Road Construction projects throughout the state.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

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

**Measure:** Number of liability claims worked

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
4,250	6,196	1,946	46%

**Factors Accounting for the Difference:**

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

- |                                                      |                                                      |
|------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input 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. The Division has no control over how many claims are received each fiscal year. While there is more control exercised over how many are in the backlog or pending count at the start of the fiscal year, the ability to close claims is mostly determined by the severity of the claim received.

Due to a change in the way the Florida Department of Transportation (DOT) manages liability claims, a larger number of claims were submitted to the Division of Risk Management during FY 2017-18, due to multiple construction projects, resulting in higher numbers of property damage claims.

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

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

**Explanation:**

DOT recently changed the process by which claims were handled. Whereas past claims would have been managed by DOT, the current process submits all claims to the Division of Risk Management for claims adjusting.

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

- Training  
 Personnel

- Technology  
 Other (Identify)

**Recommendations:**

As noted above, the Division has no control over how many claims are received each fiscal year nor the severity of the claims received. A lack of control over these two major factors makes it difficult to project results.

The Division will continue to monitor the impact of the change in DOT claims management, as it continues its efforts to reduce the number of pending claims on hand at the beginning of each fiscal year. This measure provides valuable information to management about the amount of work performed.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

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

**Measure:** Number of state property loss/damage claims worked

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
120	3,387	3,267	2723%

**Factors Accounting for the Difference:**

**Internal Factors** (check all 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:**

The Bureau of State Liability & Property Claims utilized contracted claims adjusters to manage the influx of property claims resulting from Hurricane Irma during the fiscal year 2017-2018.

**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 type="checkbox"/> 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 State of Florida was hit by a Category 4 hurricane during fiscal year 2017-18. The result was an 2723% increase or 3,267 property claims worked over the approved standard of 120 property claims.

**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 Division planning for significant increases in property claims resulting from a natural disaster, an additional 3,267 property claims were processed over the approved standard of 120 property claims worked annually. The successful management and processing of such an influx of claims indicate no additional management efforts are required to address this issue at this time.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

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

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

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80	111.25	31.25	39%

**Factors Accounting for the Difference:**

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

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

**Explanation:** The Loss Prevention Section implemented “Webinar Wednesdays” offering training on relevant safety and loss prevention program topics to agency and university safety coordinators and safety personnel two times a month. This allowed for greater access to Division safety training for safety personnel throughout the state of Florida.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input checked="" 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:** Hurricane Irma affected agencies and universities throughout the state of Florida in 2017. This may have contributed to the increased participation in the Division’s Property Coordinator Workshop, which was offered for the first time in over a year in May of 2018. The units of time related to this measure included 32.50 hours accrued by “Top 3 Agency” participants in the Property Coordinator Workshop – 29% of the total number of training/consultation events for this measure.

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

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

**Recommendations:** The Division will continue its training and consultative outreach efforts to agencies. Recently implemented legislation requiring that newly-appointed safety coordinators participate in training offered by the Division within one year of their appointment is expected to affect total training event numbers, but this legislation limits the requirement for participation to newly-appointed safety coordinators. It is not anticipated that there will be a change in the appointment status of the current safety coordinators at the top three agencies for this measure.

## 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
90%	99.89%	OVER	9.89%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

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

**Explanation:**

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

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

**Recommendations:**

The Division will monitor performance for this measure through the upcoming performance period in consideration of increasing the approved performance standard.

## 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 completed per investigator

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
114	125.9	+11.9	9.9%

**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:** (Technology)

During the past year, our investigative work volume has increased which required our investigators to complete more investigations than originally projected.

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

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

**Explanation:**

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

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

**Recommendations:**

The Division has added an additional Investigator position for Fiscal Year 2018-2019, so we expect the average per investigator will be closer to the approved standard next year. We will continue to monitor to see if adjustments are needed for this measure. The Division recommends maintaining this standard and will continue to monitor the standard throughout FY 2018-19. The Division will reevaluate the measure in FY 2019-20.



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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,200	4,029	829	25.91%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:**

In September 2017, the Emergency Adjuster application process was activated due to Hurricane Irma, so insurers could more quickly license adjusters needed to assist with hurricane related claims in Florida. There was a significant increase in the number of applications received and processed between September-November 2018 due to the Emergency Adjuster applications submitted during this time.

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

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

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

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

**Measure:** Percentage of 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
95%	91%	4 Under	4%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation:** The Division utilizes an internal audit program to review helpline calls and service requests for level of service and consumer advocacy. The results of the audits are reviewed to monitor staff performance and identify training needs. During FY 2017-2018, the Division experienced a significant increase in workload for 9 months in the aftermath of Hurricane Irma, which impacted the state in September 2017. The Division experienced a 33% increase in call volume and a 51% increase in Service Requests. The Division struggled to manage the additional workload. During the same timeframe, the Division experienced a 22% staff turnover rate which exacerbated the Division's challenges and it resulted in the Division employees having a larger workload and working at a much faster pace. To accommodate the increase in workload and in an effort to offset the staff vacancies, the Division utilized an "all hands on deck" approach, which required the auditors to take on additional responsibilities. Based upon those additional responsibilities, the Division's Audit Program was significantly scaled back and only a minimum number of audits were performed. For comparison purposes, the total number of audits performed during FY 2017-2018 were 68% less than the total number of audits performed during FY 2016-2017. The reduction in the overall number of audits provided for a significantly smaller error rate which impacted the Division's ability to reach its performance goal.

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

- Training
- Personnel

- Technology
- Other (Identify)

**Recommendations:**

Division Management prioritized customer service and responsiveness as its first priority in the aftermath of Hurricane Irma and the Audit Program was scaled back as a result. Even with the Division's significant increase in workload and a large reduction in the number of audits performed, the Division was only 4 points under the desired outcome. The Division has returned to normal operations and re-implemented the full Audit Program.

## 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 very good or excellent

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
78%	76%	2 Under	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:** 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 service they receive. Since FY 2014-2015, on average, 78% of consumer surveys rated the Division's level of service as good or excellent. However, the actual survey results will always fluctuate due to the Division's inability to control the outcome of the consumer's complaint and the likelihood that consumers will link the outcome of their complaint to the Division's level of 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 checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** The Division continuously provides staff training on law changes and other trends within the insurance industry to ensure staff are prepared to provide a high level of service. Additionally, the Division utilizes an internal audit program to review helpline calls and service requests for level of service and consumer advocacy. The results of the audits are reviewed to monitor staff performance and identify training needs. However, the actual survey results will always fluctuate due to the Division's inability to control the outcome of the consumer's complaint and the likelihood that consumers will link the outcome of their complaint to the Division's level of service.

## 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 answered phone calls that are answered within four minutes

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
80%	84%	4 Over	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 checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

During FY 2017-2018, the Division experienced a significant increase in workload for 9 months in the aftermath of Hurricane Irma, which impacted the state in September 2017. The Division experienced a 33% increase in call volume. During the same timeframe, the Division experienced a 22% staff turnover rate which exacerbated the Division's challenges and it resulted in the Division employees having a larger workload and working at a much faster pace. To accommodate the increase in workload and in an effort to offset the staff vacancies, the Division utilized an "all hands on deck" approach. Division Management prioritized customer service and responsiveness as its first priority in the aftermath of Hurricane Irma and it resulted in an increase in the number of calls answered within 4 minutes.

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

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

**Explanation:**

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

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

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

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

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

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
65 days	53 days	Under	18.5%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

The number of days utilized to close an investigation is monitored and calculated on a monthly basis. The standard for the performance measure is currently set at 65 days. Primarily due to further internal process improvements, the average number of days to close an investigation during the 2017-2018 fiscal year was only 53 days. The Division will continue to streamline its processes to best perform on this measure.

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

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

**Explanation:**

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

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

**Recommendations:**

The Division will continue to streamline its processes and provide training to personnel to best perform on this measure.

## 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%	1,072%	772 Over	257%

**Factors Accounting for the Difference:**

**Internal Factors** (check all 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:** Approved standard was exceeded. The Division has employed an Investigative Strategy since January 2014 that establishes what cases will be selected for investigation and investigator and supervisory performance measures are tied to the standards in that investigation strategy. The result has been an increasing percentage of cases completed referred for criminal prosecution rather than administrative disqualification. Cases referred to State Attorney Officers require more evidence than those referred for administrative disqualification hearings but they also can include the amount of fraud committed against the Medicaid program as part of the fraud scheme. Cases referred for administrative disqualification cannot include Medicaid fraud because there is no disqualification process for the Medicaid program. Therefore, not only are the percentage of cases referred for criminal prosecution greater than ever before, the amount of fraud in the cases referred for criminal prosecution are larger than ever before. This creates a higher annualized percent return on investment and better results for the taxpayers.

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

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

**Explanation:**

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

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

**Recommendations:** Approved standard exceeded for the last five years. Since more emphasis will be placed on SNAP trafficking over the next year or two, this measure should be increased but no higher than 500% until a new baseline ROI is achieved.

## 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	2,175	825 Under	27.5%

**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:** Personnel turnover from the previous FY resulted in 38% of all investigators being first year investigators at the outset of FY 17-18. During the first year, investigators learn how to investigate public assistance fraud cases. The case production requirements for a new investigator were 30 per year which is 20 cases less than what an experienced investigator is expected to complete. Many of these positions were filled in the months of September through November of 2016, meaning their first year was ending in the first quarter for FY 2017-18. At full production, an investigator for 9 or 10 months is expected to complete 40 – 45 cases. During the month of September, Hurricane Irma closed offices in all areas except Pensacola and Panama City. That impacted production in those areas for a period of time, depending upon how long offices were closed and how much the community was impacted by the storm. We do not conduct field investigations when the community is experiencing emergency conditions or until it is recovered to a normal level of activity. The months of October and November, DPAF participated in Disaster SNAP benefit issuance sites, serving as fraud deterrent as well as answering questions about fraud asked by DCF caseworkers. Utilizing them in that way halted investigations. DCF further notified DPAF that upon opening DSNAP centers, no cases we referred to them would have the fraud loss computed, which signaled no cases could be expected while DSNAP operations were ongoing.

The standard of 3,000 is based on 12 months of production by FCI II personnel, reaching 250 cases being referred per month. The months of September through December saw a considerable slowing of case production and the only cases that were being referred for prosecution or administrative adjudication were cases in which overpayments had already been received or school readiness cases. A three-month lag in momentum slowed case production and, combined with the lower case requirements of new investigators, resulted in the 825 cases below the standard for FY 2017-18. While not a factor under consideration, those 2,175 cases yielded over \$23 million in fraud being uncovered; a historical high level of fraud.



**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 type="checkbox"/> Other (Identify)            |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |                                                      |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |                                                      |

**Explanation:**

Hurricane Irma disrupted investigations for 3 months (September – November) as we supported Food for Florida DSNAP sites and had offices throughout the state shut down for a variety of time periods.

**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:**

Support the approval of LBR to increase authority for OPS investigators to combat SNAP trafficking and other fraud FTE are unable to investigate due to small staff.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
32,000	28,790	(3,210)	-10%

**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 Bureau has had several vacancies throughout the state due to promotions and resignations. As vacancies are being filled, each investigator is being trained to conduct investigations and educate employers.

**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 type="checkbox"/> Other (Identify)            |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |                                                      |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |                                                      |

**Explanation:**

The Bureau's investigative efforts were impacted by Hurricane Irma in 2017. During the aftermath of Hurricane Irma, the investigators performed outreach duties and provided education to employers regarding the coverage requirements in Chapter 440, Florida Statutes.

**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 to determine if standard should be adjusted.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

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

**Measure:** Number of Petitions for Reimbursement Dispute Resolution resolved

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,152	3,912	760	24%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

Although we resolved more petitions than the approved standard, this was a result of more petitions being received than what was anticipated.

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

- |                                                                              |                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Adjust standard to 4,000.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Fire, Arson, and Explosives Investigations/43700100

**Measure:** Percentage 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%	7.14%	-2.86%	-28.6%

**Factors Accounting for the Difference:**

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

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

**Explanation:**

High turnover and vacancy rate.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Salary competition with other law enforcement agencies.

**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:**

Diligently fill vacancies and work to maintain full staffing levels

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire, Arson, & Explosives Investigations/43700100

**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%	33%	13	65%

**Factors Accounting for the Difference:**

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

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

**Explanation:** 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 assists 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, Arson & Explosives Investigations/43700100

**Measure:** Percentage of closed arson investigations for which an arrest was made in Florida

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
18%	33%	15%	83.3%

**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**

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 to assist 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:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Forensic Services/43700200

**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	8419	(5231)	(38%)

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

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

**Explanation**

The Bureau has experienced a steady drop in submissions for clandestine laboratory chemical analyses due to the drop-in lab activity in favor of cheaper methamphetamine from foreign suppliers. The bureau has also seen a drop in the number of submissions for fire debris analysis due to the drop in the number of fires investigated by the Bureau of Fire, Arson and Explosion Investigations over the past six years.

**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:**

Reduce approved standard to be in line with the statistics coming through for the past three years. Mean = 9,207 but the trend is a drop of 12.17% from 2015/2016 to 2016/2017 and 6.65% 2016/2017 to 2017/2018 or a two-year average drop of 9.41%.  $9207 * 9.41\% = 866.38$ .  $9207 - 866 = 8341$ . Set the new standard at 8,500.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Insurance Fraud/43700300

**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%	53%	(22%)	29%

**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:**

High turnover and vacancy rate.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Salary competition with other law enforcement agencies.

**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:**

Diligently fill vacancies and work to maintain full staffing levels



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Insurance Fraud/43700300

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

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
795	588	(207)	26%

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

**Explanation:**

Difficulty in projecting crime trends and determining period necessary to close a case with an arrest and staff turnover.

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Many cases that are opened are closed due to insufficient evidence, the allegations are unfounded, lack of cooperation by witnesses.

**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:**

Careful monitoring will be continued to determine if additional adjustments are needed.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Insurance Fraud/43700300

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

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
429	396	(33)	8%

**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:**

High turnover and vacancy rate

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Salary competition with other law enforcement agencies.

**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 monitoring will determine if additional adjustments are needed.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Division of Investigative and Forensic Services  
**Service/Budget Entity:** Insurance Fraud/43700300  
**Measure:** Number of presentations submitted for prosecution

**Action:**

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,320	1,108	(212)	16%

**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:**

High turnover and vacancy rate

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

- |                                                                              |                                                      |
|------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Salary competition with other law enforcement agencies

**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:**

Diligently fill vacancies and work to maintain full staffing levels.  
 Continued monitoring will determine if additional adjustments are needed

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Insurance Fraud/43700300

**Measure:** Court ordered restitution as a percentage of requested restitution

**Action:**

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

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

**Factors Accounting for the Difference:**

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

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

**Explanation:**

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

- |                                                                              |                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Resources 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:**

Restitution is subject to court awards. Cases may be several years old by the 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. In addition, restitutions are very limited and make up a very small part of any revenues coming in to the division.

**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: 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: 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: Information Technology/43010300

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

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 three (3) 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 employee's participation in the State Deferred Compensation Plan

Action (check one): N/A

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

### Data Sources and Methodology

Validity:

Reliability:

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

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

Measure: Number of Agencies audited for Contract/Grant Manager Performance

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: State Financial Information and State Agency Accounting /43200100

Measure: Percentage of accounts collected annually from CFOs contracted collection agents.

Action (check one):            N/A    Request Deletion

- 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 reported accounts uploaded into UPMIS and the reported dollar value

**Action** (check one):

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

### **Data Sources and Methodology:**

The Division of Unclaimed Property (UP) is responsible for the receipt and return of unclaimed property under Ch. 717 F.S. This includes the uploading of unclaimed property reports submitted by holders into the division's Unclaimed Property Management Information System (UPMIS) database. These unclaimed property reports contain owner accounts and the applicable cash value/share count/tangible property count of each account. Once a report is uploaded to UPMIS, the owner accounts are available on UP's website for the public to perform a search and claim the account(s). The data for this measure is obtained through UPMIS via a programmed report each month. The report provides the number of the owner accounts uploaded into UPMIS for a specified period as well as the applicable cash value/share count/tangible property count.

The last five fiscal year totals for the number of owner accounts included on unclaimed property reports submitted by holders and uploaded to UPMIS was analyzed. Average totals were calculated to provide the revised measure values. The data and calculations used are available for review. After performing the analysis, it was decided that FY15/16 would not be included as the number of owner accounts uploaded into UPMIS was 133% above the average paid for the other fiscal years during the five-year period.

### **Internal Controls:**

All the data for the measure reside in the Unclaimed Property Management Information System (UPMIS). System access controls are in place assigning each employee a unique User ID and password. The Office of Information Technology (OIT) issues a RACF ID, which is required to establish a User ID in UPMIS. Each module has application controls over transaction data input, processing and output with further restrictions, such as edit, and read-only. Additionally, the Division requires background screening for all its employees, and maintains desktop procedures.

### **Validity:**

The measure, as currently written, reflects the number of owner accounts uploaded to UPMIS and the reported "dollar" value. However, the owner accounts reported are cash property, stock property or tangible property. Stock property and tangible property are reported as a "number" not a "dollar" value. UP is requesting to revise the measure and remove the "reported dollar measure". This is supported as follows. Prior to uploading an unclaimed property report into UPMIS, UP staff perform an extensive review of the report to ensure compliance with Chapter 717, F.S. Any identified compliance issues

must be resolved with the holder prior to uploading the report into UPMIS. With the number of owner accounts uploaded to UPMIS averaging over 2.2 million each fiscal year and the compliance review taking a considerable amount of time, UP believes the measure for the number of reported accounts uploaded into UPMIS provides a more accurate picture of the division's performance. For the number of owner accounts uploaded to UPMIS measure, fiscal years 13/14 through 4/15 and fiscal years 16/17 through 17/18 were analyzed to compare against the approved standard. The average percentage of owner accounts uploaded to UPMIS during this period is 127% of the current approved standard with an average of 2,285,337 accounts uploaded. Based on this data, the Division would like to increase the measure value from 1,800,000 to a value of 2,200,000.

**Reliability:**

The Department's Unclaimed Property program strives to educate holders of their responsibility to report unclaimed property. The program has experienced continued growth in the number of entities reporting and the value of the property remitted.



## 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 and the total dollar amount of claim payments

**Action** (check one):

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

### **Data Sources and Methodology:**

Unclaimed Property (UP) is responsible for the receipt and return of unclaimed property under Ch. 717 F.S. This includes the review, approval, and denial of claims submitted for unclaimed property. The data for this measure is obtained through the program's Unclaimed Property Management Information System (UPMIS) via a programmed report each month. The report provides the number of claims processed for a specified period as well as the total value of the accounts claimed.

The last five fiscal year totals for the number and value of claims paid was analyzed. Average totals and increases were calculated to provide the revised measure values. The data and calculations used are available for review. After performing the analysis, it was decided that for the Number of Claims Paid the FY17/18 results would not be included as the number of claims paid was 149% above the average paid for the fiscal years 13/14 through 16/17.

### **Internal Controls:**

All the data for the measure reside in the Unclaimed Property Management Information System (UPMIS). System access controls are in place assigning each employee a unique User ID and password. The Office of Information Technology (OIT) issues a RACF ID, which is required to establish a User ID in UPMIS. Each module has application controls over transaction data input, processing and output with further restrictions, such as edit, and read-only. Additionally, the Division requires background screening for all its employees, and maintains desktop procedures.

### **Validity:**

The measure reflects the volume and value of unclaimed property returned to citizens by the program. The current values for this measure have been exceeded for several years. UP is requesting to update the measure for a more accurate picture of the programs performance.

Fiscal years 13/14 through 16/17 results were analyzed to compare against the approved standard. The average percentage of the number of claims paid during this period is 113% of the current approved standard with an average of 418,855 claims paid. The average percentage of the value of the claims paid during this period is 109% of the current approved standard with an average value of \$262,378,419. Based on this data, the Division would like to increase the approved standard value for the number of claims paid from 370,000 to 400,000 claims and keep the approved standard dollar value of claims paid at \$240,000,000.

**Reliability:**

The Department's Unclaimed Property program strives to proactively reach out and notify owners of their unclaimed property as well as encourage the public to search the Unclaimed Property database on a regular basis for any funds that may belong to them. The program has experienced continued growth in the number of claims paid and the value of the property returned to owners.

## 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):

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

### **Data Sources and Methodology:**

Unclaimed Property (UP) is responsible for the receipt and return of unclaimed property under Ch. 717 F.S. This includes the uploading of unclaimed property reports submitted by holders as required under section 717.117, F.S. The data for this measure is obtained through the division's Unclaimed Property Management Information System (UPMIS) database via a programmed report each month. The report provides the number of new holders that submitted unclaimed property reports for a specified period.

The last five fiscal year totals for the number of new holders who submitted unclaimed property reports was analyzed. Average totals were calculated to provide the revised measure values. The data and calculations used are available for review. After performing the analysis, it was decided that FY17/18 would not be included as the number of new holders reporting unclaimed property in the fiscal year was 149% above the average paid for the fiscal years 13/14 through 16/17.

### **Internal Controls:**

All the data for the measure reside in the Unclaimed Property Management Information System (UPMIS). System access controls are in place assigning each employee a unique User ID and password. The Office of Information Technology (OIT) issues a RACF ID, which is required to establish a User ID in UPMIS. Each module has application controls over transaction data input, processing and output with further restrictions, such as edit, and read-only. Additionally, the Division requires background screening for all its employees, and maintains desktop procedures.

### **Validity:**

The measure reflects the number of new holders that submitted unclaimed property reports to the program in the fiscal year. These unclaimed property reports are submitted to UP directly from the holders as well as through Unclaimed Property staff audits and contracted audits. The current value for this measure has been exceeded for several years. UP is requesting to update the measure for a more accurate picture of the programs performance.

Fiscal years 13/14 through 16/17 results were analyzed to compare against the approved standard. The average percentage of new holders reporting unclaimed property during this period is approximately 117% of the current approved standard with an average of 2,334. Based on this data, UP would like to increase the approved standard value from 2,000 to a value of 2,300.

**Reliability:**

The Department's Unclaimed Property program strives to educate holders of their responsibility to report unclaimed property. The program has experienced continued growth in the number of entities reporting and the value of the property remitted.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: FL PALM/43200300

Measure: New Budget Entity as of July 1, 2018

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 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: 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:** State Property and Casualty Claims

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

**Measure:** 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

Operation of Motor Vehicles – 102289

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 FY 2010-2011, 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 FY 2011-2012, 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 FY 2010-2011, 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 FY 2011-2012, 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 FY 2010-2011 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 FY 2011-2012, FY 2012-2013, and FY 2013-2014, 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 FY 2012-2013 data. For FY 2012-2013 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 FY 2014-2015, 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 FY 2014-2015 reporting period, the Division 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 FY 2015-2016, 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 FY 2014-2015 removes the Excess Insurance & Claim Services 101221 category from this measure to better align with industry terms and standard costs. For the FY 2015-2016 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.

**For FY 2017-2018, category 102289, Operation of Motor Vehicles, was added to Division operating categories.**

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):

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

### **Data Sources and Methodology:**

The working of a liability claim is initiated when a claim is received from either the injured party or their legal representative. When the claim is received it is sorted, date stamped, scanned and given to the appropriate administrator, who determines the appropriate claim codes for computer entry. These claim codes are standardized codes and include claimant information, location of the occurrence, cause of the claim, type of coverage and status. In addition, codes are selected denoting the date of the incident and date the report was received. The appropriate section administrative secretary assigns a unique claim number to the claim, enters the claim data into the claims administration computer system. The claim is then given to the assigned claims specialist to be worked. Data is entered into the database using a standardized screen format. As the claim is investigated, evaluated, settled, denied and/or closed the system is updated.

A query performed by the in-house computer system extracts the number of claims worked, the claim number, date the claim was received, the number of claims closed and the closing date.

### **Validity:**

Claims data entered into the claims administration can be retrieved through menu searches, standard and special reports and customized queries. The method used to collect and store the data will remain constant in accordance with the claims administration system.

This measure charts the movement of claims from the beginning investigation to closure. Upon receipt of the claim, staff begins to investigate the facts surrounding the occurrence to determine if there is legal liability on the part of the state, to evaluate the damages claimed by an injured party, and to make appropriate disposition of the claim by denying the claim or settling the claim.

This measure compares the number of claims that staff closes during a fiscal year to the number of claims worked during that fiscal year. The number of claims worked is the number of open, pending claims as of the first day of the fiscal year plus the number of new claims received during the fiscal year. This measurement tracks the movement of claims through the system to ensure timely processing and disposition of claims.

The Division is recommending a standard of 64% based upon two 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. Certain events such as claims from highway deterioration, MedFly spraying, etc., can cause the number of new claims received to increase dramatically. Also, legislative changes and case law changes can impact new claims. The events cannot be controlled and the number of new claims received impacts the number of claims staff is able to close.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C.

Action (check one): N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of workers' compensation claims worked

Action (check one): N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of liability claims worked

**Action** (check one):

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

### **Data Sources and Methodology:**

In accordance with Chapter 284, Part II, F.S., the State Property and Casualty Claims Program is given the responsibility of investigating, evaluating, and making appropriate disposition of civil negligence (general and auto liability), federal civil rights and employment claims and lawsuits filed against the state of Florida (its employees, agents and volunteers). This involves determining the state's legal liability and the amount of damages that should be paid as a result of the claim. For purposes of this measure, liability claims include 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 established in Origami, the Division's claims management system, and assigned to the selected adjuster 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 6,000 based upon two 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 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: Insurance Company Rehabilitation and Liquidation/43500100

Measure: Percentage of non-claimant invoices paid within 40 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): N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

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

Measure: Average direct cost of Investigation operations per completed investigation

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

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

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

Measure: Average number of investigations completed per investigator

Action (check one): N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

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

Measure: Average number of applications processed per Licensing FTE

Action (check one): N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

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

Action (check one):           N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of consumer survey responses that rate the Division's services as very good or excellent

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

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of answered phone calls that are answered within four minutes

Action (check one):            N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

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

Action (check one):            N/A

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of 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):

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

### **Data Sources and Methodology:**

**Data Sources:** Six sources of data are used to determine the percent return on investment in the division. Those four sources are:

1. Automated Investigation Management System (AIMS) – the Division’s case management system into which all activity regarding the investigation of public assistance, to include administration, program direction, and other support, is entered to capture as an official criminal justice record system and to account for investigative activities and their peripheral administrative or support functions and costs.
2. Department of Children and Families (DCF) – DCF provides information to DFS, per Sec 414.411 regarding the outcome of investigations to include determining the amount of benefits received by the individual as a result of fraud based on DPAF investigative findings, the restitution collected monthly from recipients found guilty of fraud through criminal or administrative adjudication and months of disqualification from public assistance programs imposed resulting from DPAF investigations; those months of disqualification are monetized at a rate of \$200 per month to develop a savings figure.
3. Office of Early Learning and (OEL) – OEL provides the total of restitution collected monthly from recipients found guilty of fraud in the School Readiness and Voluntary Pre-Kindergarten programs and ordered to pay restitution as part of a criminal sentence or plea agreement.
4. Early Learning Coalitions (ELC) – Early Learning Coalitions administer the School Readiness and Voluntary Pre-Kindergarten programs for the state. When cases of fraud involving either of these programs occurs, the ELC will determine the amount of benefits received by the individual as a result of fraud based on DPAF investigative findings.
5. Social Security Administration (SSA) Cooperative Disability Investigation (CDI) units – CDI units report the amount of SSA and Non-SSA benefits saved as a result of a CDI investigation each month. SSA benefits are cash disability benefits; non-SSA benefits include state issued Supplemental Nutrition Assistance Program (SNAP) benefits and Medicaid benefits. Those cost savings generated by investigations conducted by DPAF investigators are included in the Division’s benefits withheld total.
6. DFS Office of Budgeting – The Office of Budgeting provides the monthly cost to operate the division.

**Methodology:** To determine the dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget, we combine the

monthly totals of the amount of fraud in cases referred for criminal prosecution each month, the amount of fraud in cases referred for administrative adjudication each month, the amount of restitution collected each month by DCF and OEL cases DPAF investigated and where fraud was found during adjudication, and the amount of benefits withheld due to CDI investigations each month and program disqualifications imposed by DCF resulting from DPAF investigations referred to DCF each month. Those figures create the **total dollars resulting from DPAF investigations** each month.

The cost to operate DPAF for the reporting month is obtained from the Office of Budgeting based on figures that are pulled from the FLAIR system.

To determine the dollar amount of benefits withheld, saved, and recouped as a percentage of Public Assistance Fraud annual budget, we use the **monthly total dollars resulting from investigations figure to divide into the monthly cost to operate figure**, returning a fractional figure that is multiplied by 100 to reflect the percentage against the monthly cost for DPAF. The annual percent return on investment figure is computed from the running totals for fraud uncovered, benefits withheld, restitution collected by DCF and OEL, and the running total of operating costs for DPAF month over month.

**Validity: The data used to determine the ROI is not created internally; it is obtained from different sources and stored in the AIM system and compiled monthly.** The validity of the data is cross-referenced by the DCF or OEL with their claims and collections staff to ensure the correct amount of dollars reflected in the case amounts correspond with the computations that were created by their agencies. In other words, the amounts used in our fraud cases are cross-checked by DCF or OEL claims processes to ensure those amounts are valid and correct. Compiling the amount each month is simple addition of the amounts in all cases referred for prosecution or administrative disqualification during a single month. The amount of restitution collected and reported by DCF and OEL each month is based on cases that have most often been adjudged many years before. Overpaid benefits constitute a federal debt that is collected through a variety of means until satisfied. That includes the interception of federal payments such as tax returns, withholding of lottery winnings, and other monthly federal payments being garnished until full restitution is made. Each agency tracks the collection and payment against a claim established in cases DPAF generates. Those monthly totals serve as the basis of their monthly recovery or restitution reported to DPAF. The cost savings reported from benefits withheld is based on the individual issuance of benefits for a food stamp recipient times the number of months the individual has been disqualified from participation. The number used is \$200 per month. This amount can change each year based on the decisions made by DCF. The \$200 per month is an average. Cash assistance cases often have higher monthly benefit amounts but cash assistance cases reflect a small percentage of the cases we complete annually. Cases involving fraud in the cash assistance program are generally part of a larger case involving food stamps and perhaps Medicaid. We make no differentiation for benefit withheld purposes. In the case of Cooperative Disability Investigation benefits withheld, these are cash payments as well as Medicaid and food stamp benefits approved for up to five years based on a disability determination. Without these investigations, those benefits would be issued.

The Social Security Administration Office of Inspector General provides the monthly dollar value of benefits withheld or denied attributed to the cases closed and adjudicated each month, based on approved future benefits that were halted by investigations.

**Reliability:** The number of months of Disqualification is based on information obtained from DCF. Disqualification is not arbitrary; it is based on federal program rules in Title 7 and 46 of the Code of Federal Regulations. The amount of fraud in each case is based on computations from either DCF or OEL. The amount of benefits withheld in CDI investigations is calculated by SSA and provided monthly. And the amount of restitution collected is based on information obtained monthly from DCF and OEL. We maintain copies of those reports to us so if amounts are challenged, we can provide the basis for our figures; to include reports totaling the amount of fraud calculated in each case.

## 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): 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 disputes resolved for injured workers by the Employee Assistance 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:** Workers' Compensation

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

**Measure:** Number of Petitions for Reimbursement Dispute Resolution resolved

**Action** (check one):

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

### **Data Sources and Methodology:**

The 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.

In November 2017, a Final Order was issued concerning a challenge to Rule 69L-31. The Final Order requires the Department to resolve reimbursement disputes relating to contracts, managed care arrangements, medical necessity, and compensability. Consequently, the Department must re-issue determinations in over 6,000 previously adjudicated dispute cases.

### **Validity:**

The ARAMIS database has been shown to be accurate as a historical reference. The total case manager monthly performance has been consistent. Approximately, 480 petitions were resolved per employee per year with a total of eight (8) employees. At least three additional positions will be assigned to the reimbursement dispute process.

### **Reliability:**

The methodology of using the ARAMIS database has shown to be a reasonable estimate of resolutions issued. All petitions are docketed/logged. Reports are generated from ARAMIS using a built-in query tool. Separation of duties exists between receipt and logging of petitions, dispute resolution by analysis, and quality review. Quality assurance reviews are performed on random petitions and human error is corrected as it is detected. Since eight employees averaged 480, we can expect the same level of production rounded up to the nearest hundred 4,000 (first six (6) months  $8 \times 480 / 2 = 1,440$ ) (second six (6) months  $11 \times 480 / 2 = 2,640$ ) ( $1,440 + 2,640 = 4,000$ )).

## 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):

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

### **Data Sources and Methodology:**

The percentage of Overall Accepted Claims EDI Form Filings is extracted from the Claims EDI Data Warehouse electronically. EDI Trading Partners submit Claims EDI data daily, via a secure electronic process to the Division and the data is loaded each night to the Claims EDI Warehouse. Each month, the total Claims EDI transactions that were processed and accepted by the Division, is divided by the total number of Claims EDI transactions received (both accepted and rejected). The Division has implemented several strategies, which have increased the overall claims EDI acceptance rate, therefore increasing to 82%.

### **Validity:**

The "Overall Accepted Claims EDI Form Filings" count, is determined by a transaction's successful processing through more than 800 system edits. The count, is then validated by a system program and is measured at each month's end. No one can alter the submission of an EDI Trading Partner's data, so the data cannot be manipulated.

### **Reliability:**

The data is a reliable count for each month, as it is achieved by counting the data that is received by the system. This count does not include any "reloaded" transactions that may be reloaded in a different month. On occasion, a transaction may need to be reloaded by DWC staff, due to a problem with an edit or an error at DWC, through no fault of the EDI Trading Partner. A transaction that initially rejected in month A, may be reloaded, and then accepted in month B, but is given credit for being received in month A, to give credit for the original filing data submitted by the EDI Trading Partner. The initial rejected transaction was counted in month A for this statistic and the later accepted transaction is not counted. If this statistic is ever run for a given month, several months after the fact, it is possible to yield a different count because the transaction initially rejected and counted in month A as a rejection, and later reloaded in month B, with a received date in month A, will now be counted as an "accepted" transaction for month A because it has already been "reloaded". If a transaction is rejected and reloaded in the same month, the only outcome counted in the accepted record.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Fire, Arson & Explosives Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Fire, Arson & Explosives Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Fire, Arson & Explosives Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Fire, Arson & Explosives Investigations/43700100

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:** Division of Investigative and Forensic Services

**Service/Budget Entity:** Forensic Services/43700200

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

**Action** (check one):

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

**Data Sources and Methodology:**

The bureau has been using the statistics on the submission of samples for analyses for the past twenty years showing the trends in submission. These are the counts for samples and analyses derived from the Structured Query Language (scripts are created for data base) \*LIMS (trademark name for data base) (SQL\*LIMS) database which records sample statistics, the archive for imaging cases, and the count of special and video requests made to the Bureau.

**Validity:**

The data comes directly from what is submitted to the Bureau and has been consistently kept in the same manner since the installation of our Laboratory Information Management System database in late 1992.

**Reliability:**

The drop-in submissions have primarily been due to the drop in the number of unknown chemical/low explosive cases. The drop-in fire debris samples and images to archive has been less significant as is evidenced in the following table:

EVIDENCE SERVICE REQUESTS							
FY	Fire Debris	Chemical QA/QC	Photos or Digital and Records	Explosives, Incendiary, Chemicals	Latent Prints	Video	Totals
13-14	3671	3381	3112	2192		33	12389
14-15	3691	3473	3217	1225		31	11637
15-16	3224	3219	3001	739		40	10223
16- 17	2782	2832	2831	353		42	8879
17-18	2818	2728	2596	238		39	8419

The number of fire debris samples and their associated QA/QC initially indicated a slow drop over the past five fiscal years. In FY 2016-2017 the drop off was greater than the prior year with 442 fewer service requests (13.7% drop). FY 2017-2018 there appeared to be a stabilization with a drop of only 68 samples or 1.21%.

In FY 20011-12 the number of explosive/chemical analyses was 3,645 and by FY 2016-17 it had decreased to 353 (down 90.3%). In FY 2017-2018 it dropped further to 238 submissions (-115 samples or -32.58%). BFS has been informed by submitters that the key reason is that methamphetamine from foreign sources have flooded the country with a very low price and that those still making methamphetamine use a “one-pot” reaction that can be performed anywhere, even in a car driving down the road so actual “laboratories” where a “cook” can occur is less likely.

The number of digital image case submissions dropped insignificantly from 2,835 in FY 2015-16 to 2,831 in FY 2016-17 (down 0.2%). This decrease was greater in FY 2017-2018 dropping to 2462 cases (-369 cases or -13.03%).

Reduce approved standard to be in line with the statistics coming through for the past three years. Mean = 9,207 but the trend is a drop of 12.17% from FY 2015/2016 to FY 2016/2017 and 6.65% FY 2016/2017 to FY 2017/2018 or a two-year average drop of 9.41%.

$9207 * 9.41\% = 866.38$ .  $9207 - 866 = 8341$ .

Our request is to set the new standard at 8,500 chemical samples analyzed and image cases archived.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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

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

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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

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

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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

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

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

Measure: Number of presentations submitted 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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

Measure: Court ordered restitution as a percentage of requested restitution

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

- 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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

Measure: Requested restitution as a percentage of the annual appropriated budget

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

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

**Data Sources and Methodology:**

**Validity:**

**Reliability:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Office of Fiscal Integrity/43700400

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:**



# 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 2018-19 (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 Services/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 Services/Human Resources ACT 0120 Training ACT 0130 Mail Room

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

Measure Number	Approved Performance Measures for 43010200 FY 2018-19 (Words)	Associated Activities Title
3	Percentage of closed files involving allegations of statutory violation that were successfully prosecuted	ACT 0020 General Counsel

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

Measure Number	Approved Performance Measures for 43010300 FY 2018-19 (Words)	Associated Activities Title
4	Percentage of scheduled hours computer and network is available	ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support
5	Percentage of customers who returned a customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys	ACT 0320 Information Technology - Application Development/Support ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support
6	Establish a comprehensive functional inventory of Department software applications	ACT 0320 Information Technology - Application Development/Support ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support

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

Measure Number	Approved Performance Measures for 43010400 FY 2018-19 (Words)	Associated Activities Title
7	Percentage of referred cases responded to and/or transferred within three (3) days of receipt.	ACT 0040 Insurance Consumer Advocate
8	Percentage of rate filings subject to public hearing which were reviewed by our office.	ACT 0040 Insurance Consumer Advocate

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

Measure Number	Approved Performance Measures for 43010500 FY 2018-19 (Words)	Associated Activities Title
9	Percentage of scheduled hours computer and network is available.	ACT 0300 Information Technology - FLAIR

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

Measure Number	Approved Performance Measures for 43100200 FY 2018-19 (Words)	Associated Activities Title
10	Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle	ACT 1210 Provide analysis on securities held for deposit and qualified public depositories ACT 0010 Executive Direction
11	Percentage of Collateral Administrative Program Transactions completed within three business days	ACT 1220 Process transactions, account changes and audit functions. ACT 0010 Executive Direction

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

Measure Number	Approved Performance Measures for 43100300 FY 2018-19 (Words)	Associated Activities Title
12	Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period	ACT 1310 Investment of Public Funds
13	Percentage of core accounting processes that meet established deadlines and standards for accuracy	ACT 1330 Receive Funds, process payments of warrants and provide account and reconciliation services

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

Measure Number	Approved Performance Measures for 43100400 FY 2018-19 (Words)	Associated Activities Title
14	Percentage of state employees participation in the State Deferred Compensation Plan	ACT 1410 Administer the state supplemental deferred compensation plan



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

Measure Number	Approved Performance Measures for 43200100 FY 2018-19 (Words)	Associated Activities Title
15	Number of agencies audited for Contract/Grant Managers Performance	ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement ACT 2110 Accounting and Reporting of State Funds
16	Number of contracts reviewed	ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement ACT 2110 Accounting and Reporting of State Funds
17	Percentage of accounts collected annually from CFOs contracted collection agents <b>Request Deletion</b>	ACT 2110 Accounting and Reporting of State Funds <b>Request Deletion</b>

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

Measure Number	Approved Performance Measures for 43200200 FY 2018-19 (Words)	Associated Activities Title
18	Number of reported accounts uploaded into UPMIS and the reported dollar value	ACT 2220 Process and Payment of Unclaimed Property
19	Number of claims paid and the total dollar value of claim payments	ACT 2220 Process and Payment of Unclaimed Property
20	Percentage of claims processed within 60 days from date received (cumulative total)	ACT 2220 Process and Payment of Unclaimed Property
21	Number of new holders reporting unclaimed property in the fiscal year	ACT 2220 Process and Payment of Unclaimed Property ACT 2210 Collect Unclaimed Property

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

Measure Number	Approved Performance Measures for 43200300 FY 2018-19 (Words)	Associated Activities Title
	TBD	ACT 2180: Florida Accounting Information Resource Subsystem (FLAIR) and Cash Management Subsystem (CMS) Replacement Project

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

Measure Number	Approved Performance Measures for 43300200 FY 2018-19 (Words)	Associated Activities Title
22	Percentage of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
23	Number of regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
24	Percentage of fire code inspections completed within statutory defined timeframes	ACT 3220 Perform Fire Safety Inspections
25	Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	ACT 3210 License the fire protection industry

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

Measure Number	Approved Performance Measures for 43300400 FY 2018-19 (Words)	Associated Activities Title
26	Number of students trained and classroom contact hours provided by the Florida State Fire College	ACT 3410 Provide state, local, and business professional training & education
27	Percentage of Fire College students passing certification exam on first attempt	ACT 3410 Provide state, local, and business professional training & education ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance
28	Number of Florida Certification Programs submitted for national accreditation or re-accreditation.	ACT 3410 Provide state, local, and business professional training & education

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

Measure Number	Approved Performance Measures for 43300500 FY 2018-19 (Words)	Associated Activities Title
29	Administrative costs as a percentage of program agency costs	ACT 0010 Executive Direction
30	Administrative positions as a percentage of total program positions	ACT 0010 Executive Direction

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

Measure Number	Approved Performance Measures for 43400100 FY 2018-19 (Words)	Associated Activities Title
31	Average loss adjustment expense per claim worked	ACT 4110 Provide adjusting services on state workers' compensation ACT 4120 Provide adjusting services on state liability claims ACT 4130 Process property claims on state-owned buildings (structure & contents)
32	Average cost of workers' compensation claims paid	ACT 4110 Provide adjusting services on state workers' compensation
33	Percentage of liability claims closed in relation to liability claims worked during the fiscal year	ACT 4120 Provide adjusting services on state liability claims
34	Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C.	ACT 4110 Provide adjusting services on state workers' compensation
35	Number of workers' compensation claims worked	ACT 4110 Provide adjusting services on state workers' compensation
36	Number of liability claims worked	ACT 4120 Provide adjusting services on state liability claims
37	Number of state property loss/damage claims worked	ACT 4130 Process property claims on state-owned buildings (structure & contents)
38	Percentage of tort liability claim files resolved within four (4) years without litigation	ACT 4120 Provide adjusting services on state liability claims
39	Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)	ACT 4140 Provide loss prevention training and consultation

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

Measure Number	Approved Performance Measures for 43500100 FY 2018-19 (Words)	Associated Activities Title
40	Percentage of service requests closed within 30 days	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
41	Percentage of non-claimant invoices paid within 40 days	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies



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

Measure Number	Approved Performance Measures for 43500200 FY 2018-19 (Words)	Associated Activities Title
42	Cost of Licensing Operations per active license	ACT 5210 Review Applications for licensure (qualification) ACT 5240 Administration of education requirements (pre-licensing and continuing education) ACT 5220 Administer Examinations and Issue Licenses
43	Average Direct Cost of Investigation Operations per completed investigation	ACT 5250 Investigate Agents & Agencies
44	Average number of investigations completed per investigator	ACT 5250 Investigate Agents & Agencies
45	Average number of applications processed per licensing FTE	ACT 5210 Review Applications for Licensure (qualification)

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

Measure Number	Approved Performance Measures for 43500400 FY 2018-19 (Words)	Associated Activities Title
46	Percentage of helpline call and service audits that result in quality service.	ACT 5410 Respond to consumer requests for assistance ACT 5420 Provide consumer educational activities (?) ACT 5430 Answer consumer telephone calls
47	Percentage of consumer survey responses that rate the Division's services as very good or excellent	ACT 5410 Respond to consumer requests for assistance
48	Percentage of answered phone calls that are answered within four minutes.	ACT 5430 Answer consumer telephone calls
49	Percentage of monetary eligible service requests that resulted in a recovery	ACT 5410 Respond to consumer requests for assistance

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

Measure Number	Approved Performance Measures for 43500500 FY 2018-19 (Words)	Associated Activities Title
50	Percentage of funeral establishment inspections that do not require quality control follow-up	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
51	Average time (days) to close an investigation	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
52	Percentage of deficiency letters sent out within five (5) business days of receiving the application	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance

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

Measure Number	Approved Performance Measures for 43500700 FY 2018-19 (Words)	Associated Activities Title
53	Dollar amount of benefits withheld, saved, and recouped as a percentage of Public Assistance Fraud annual budget	ACT 9060 AFDC/Wages/Employee Fraud ACT 9070 Public Assistance Fraud Investigations ACT 9080 Medicaid Fraud Investigations
54	Number of completed cases resulting in referral for disqualification or prosecution	ACT 9060 AFDC/Wages/Employee Fraud ACT 9070 Public Assistance Fraud Investigations ACT 9080 Medicaid Fraud Investigations

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

Measure Number	Approved Performance Measures for 43600100 FY 2018-19 (Words)	Associated Activities Title
55	Percentage of first indemnity payments made timely	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
56	Number of employer investigations conducted	ACT 6120 Verify that employers comply with workers' compensation laws
57	Percentage of disputes resolved for injured workers by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers
58	Number of Petitions for Reimbursement Disput Resolution resolved	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions
59	Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments

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

Measure Number	Approved Performance Measures for 43700100 FY 2018-19 (Words)	Associated Activities Title
60	Percentage of referrals declined by State Attorney's Office for prosecution	ACT 3310 Investigate Fires - accidental, arson and other
61	Percentage of arson cases cleared	ACT 3310 Investigate Fires - accidental, arson and other
62	Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or arrested or other reasons	ACT 3310 Investigate Fires - accidental, arson and other
63	Percentage of closed arson investigations for which an arrest was made in Florida	ACT 3310 Investigate Fires - accidental, arson and other

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

Measure Number	Approved Performance Measures for 43700200 FY 2018-19 (Words)	Associated Activities Title
64	The number of items analyzed chemically plus the number of imaging items processed	ACT 3510 Provide forensic laboratory services

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

Measure Number	Approved Performance Measures for 43700300 FY 2018-19 (Words)	Associated Activities Title
65	Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
66	Number of insurance fraud arrests (not including workers' compensation cases)	ACT 5310 Investigate insurance fraud (general)
67	Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	ACT 5320 Investigate workers' compensation insurance fraud
68	Number of presentations submitted for prosecution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
69	Requested restitution as a percentage of the annual appropriated budget <b>Request Deletion</b>	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
70	Requested restitution as a percentage of the annual appropriated budget	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud



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

Measure Number	Approved Performance Measures for 43700400 FY 2018-19 (Words)	Associated Activities Title
71	Percentage of Office of Fiscal Integrity investigations that result in action	ACT 2170 Conduct Fiscal Integrity Investigations



# Department of Financial Services

## Agency-Level Unit Cost Summary – LRPP Exhibit VI

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2017-18			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			368,910,942	1,115,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			-7,268,019	0	
FINAL BUDGET FOR AGENCY			361,642,923	1,115,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					1,115,000
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.		3,644	110.61	403,054	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		59,947	18.07	1,083,370	
Investment Of Public Funds * Dollar Volume of Funds Invested		23,300,000,000	0.00	941,191	
Provide Cash Management Services * Number of cash management consultation services.		55	24,663.73	1,356,505	
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	0.75	2,089,465	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,785,504	1.03	1,837,778	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		35,521	132.11	4,692,638	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,238,210	0.08	782,106	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		309,815	25.64	7,942,380	
Process State Employees Payroll * Payroll payments issued		3,091,848	0.65	1,998,716	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		12	7,050.50	84,606	
Conduct Fiscal Integrity Investigations *		24	34,419.67	826,072	
Article V - Clerk Of The Courts * N/A		6	74,401.50	446,409	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,476,111	1.28	3,165,583	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		623,408	5.60	3,489,492	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,089	71.74	580,332	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,726	273.95	4,308,213	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		343	1,689.98	579,664	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		538	1,179.51	634,575	
Investigate Fires Accidental, Arson And Other *		3,488	4,367.39	15,233,460	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		233,621	9.71	2,269,331	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,993	122.97	1,105,902	
Provide Forensic Laboratory Services *		8,419	164.11	1,381,612	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		21,817	1,915.21	41,784,046	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		6,196	2,619.33	16,229,373	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		3,387	867.97	2,939,801	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.(top 3 agencies)		111	23,160.91	2,570,861	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		21	25,391.81	533,228	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		133,455	20.77	2,772,133	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		49,370	31.69	1,564,621	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,886,595	0.43	812,681	
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		241,324	1.79	432,464	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,533	1,288.55	5,841,017	
Investigate Insurance Fraud (general) *		1,857	11,276.61	20,940,670	
Investigate Workers' Compensation Insurance Fraud *		312	11,036.76	3,443,468	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		65,580	67.00	4,393,812	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		470,327	1.43	673,922	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		297,127	16.72	4,968,131	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,587	1,691.34	2,684,152	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		94,992	47.53	4,515,169	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		28,790	508.69	14,645,215	
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.		833	6,163.94	5,134,588	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,669	854.87	1,426,782	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		121,431,103	0.01	720,742	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		6,710,138	0.58	3,876,669	
Reimbursement Disputes * Number of petitions resolved annually		3,912	424.38	1,660,189	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		4,683	1,519.41	7,115,380	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority (COAs) processed.		125	7,966.02	995,752	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		384	8,641.30	3,318,259	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,624	1,918.14	16,541,997	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		12,654	702.29	8,886,755	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		203	23,393.80	4,748,942	
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.		21,224	98.16	2,083,271	
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.		96	119,893.40	11,509,766	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		9	87,467.89	787,211	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		160	23,793.80	3,807,008	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		277	20,561.11	5,695,428	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conduct examinations of securities firms and branches.		242	24,995.90	6,049,007	
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.		58,878	45.81	2,696,970	
TOTAL				276,031,904	1,115,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				40,038,301	
REVERSIONS				45,572,709	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				361,642,914	1,115,000

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

AUDIT #1: THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

AUDIT #2: 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 \*\*\*

AUDIT #3: THE ACTIVITIES LISTED IN AUDIT #3 DO NOT HAVE AN ASSOCIATED OUTPUT STANDARD. IN ADDITION, THE ACTIVITIES WERE NOT IDENTIFIED AS A TRANSFER-STATE AGENCIES, AS AID TO LOCAL GOVERNMENTS, OR A PAYMENT OF PENSIONS, BENEFITS AND CLAIMS (ACT0430). ACTIVITIES LISTED HERE SHOULD REPRESENT TRANSFERS/PASS THROUGH THAT ARE NOT REPRESENTED BY THOSE ABOVE OR ADMINISTRATIVE COSTS THAT ARE UNIQUE TO THE AGENCY AND ARE NOT APPROPRIATE TO BE ALLOCATED TO ALL OTHER ACTIVITIES.

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	301,447	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	643,904	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,429,331	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	845,464	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	5,677,444	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,478,123	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	1,946,223	
43300500	1202000000	ACT3440	PASS-THROUGH GRANTS AND AIDS LOCAL	97,022	
43300500	1202000000	ACT3520	FIRE INCIDENT REPORTING	244,733	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	1,000,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,251,070	
43700400	1205000000	ACT5510	HURRICANES AND OTHER NATURAL	2,011,304	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,892,547	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	969,689	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

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AUDIT #4: TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	361,642,923	1,115,000
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	361,642,914	1,115,000
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DIFFERENCE:	9	
(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

**CFO** – Chief Financial Officer

**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

**DIFS** – Division of Investigative and Forensic 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.

**Florida PALM – (Planning, Accounting and Ledger Management)**: Project to standardize financial business processes as a prelude to the implementation of a successor to FLAIR financial and cash management system.

**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

### FINANCIAL SERVICES COMMISSION

RICK SCOTT  
GOVERNOR

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

PAM BONDI  
ATTORNEY GENERAL

ADAM PUTNAM  
COMMISSIONER OF  
AGRICULTURE

DAVID ALTMAIER  
COMMISSIONER

September 26, 2018

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

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 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 2019-20 through Fiscal Year 2023-24. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is [www.floir.com](http://www.floir.com). This submission of our LRPP has been approved by me.

Sincerely,

  
David Altmaier



**Florida Office of Insurance Regulation**

**David Altmaier**  
**Insurance Commissioner**

# **Long Range Program Plan**

Fiscal Years 2019-2020 through 2023-2024





## **David Altmaier**

### **Florida's Insurance Commissioner**

David Altmaier was appointed as the Florida Insurance Commissioner in April 2016 by the Financial Services Commission. He leads the Office of Insurance Regulation (OIR) and has oversight of one of the largest insurance markets in the world. Under Altmaier's leadership, OIR has worked to cultivate a market in Florida in which insurance products are reliable, available, and affordable.

Altmaier began his public service at OIR in 2008, serving in a number of roles including Chief Analyst of the Property and Casualty Financial Oversight unit and Deputy Commissioner of Property and Casualty Insurance.

Altmaier serves as Chair of the Florida Health Insurance Advisory Board. In 2018, Altmaier was named as the chair of the National Association of Insurance Commissioners' Financial Condition (E) Committee. He also chairs the Group Capital Calculation Working Group and the Capital Adequacy Task Force.

Prior to joining OIR, Altmaier worked as a Florida licensed 2-20 and 2-14 insurance agent and as a high school math teacher. Altmaier graduated from Western Kentucky University in 2004 with a bachelor's degree in mathematics.

# **OIR Mission, Vision, and Goals**

## **Mission**

To serve Florida consumers by fostering a stable and competitive insurance market.

## **Vision**

OIR envisions a healthy and competitive insurance market that provides reliable, available, and affordable insurance products while maintaining protections for Florida consumers.

## **Goals**

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



# Goals, Objectives, Service Outcomes and Performance Projection Tables

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

**GOAL #1:**

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

**OBJECTIVE 1.A.:** Process product filings expeditiously.

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

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
90%	90%	90%	90%	90%	90%

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

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
90%	90%	90%	90%	90%	90%

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

- 3) **OUTCOME 1.B.1:** Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
98%	98%	98%	98%	98%	98%

- 4) **OUTCOME 1.B.2:** Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
98%	98%	98%	98%	98%	98%

**GOAL #2:**

**Protect the public from illegal, unethical insurance products and practices.**

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

- 5) **OUTCOME 2.A.1.:** Percentage of market conduct examinations with violations in which the OIR takes enforcement action.

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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.

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

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-232
98%	98%	98%	98%	98%	98%

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

- 7) **OUTCOME 3.B.1.:** Percentage of priority Financial Analyses completed within 60 days.

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-232
98%	98%	98%	98%	98%	98%

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

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-232
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.

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

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
10%	10%	10%	10%	10%	10%

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

Baseline FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
10%	10%	10%	10%	10%	10%

# OIR Budget FY 2018-19

<b>Table 1. Appropriations Overview Fiscal Year 2018-19: Office of Insurance Regulation</b>			
<b>Positions</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Change</b>
Full-time equivalent (FTE) positions	289	287	-2
<b>Funding (By Budget Category)</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Change</b>
Salaries and Benefits	\$20,261,606	\$20,720,316	\$458,710
Other Personal Services (OPS)	\$290,169	\$290,169	\$0
Expenses	\$2,481,072	2,479,173	(\$1,839)
Operating Capital Outlay	\$98,000	\$98,000	\$0
Contracted Services	\$1,430,726	\$1,430,726	\$0
Financial Examination Contracts*	\$4,926,763	\$4,926,763	\$0
Florida Public Hurricane Loss Model (Maintenance)**	\$969,689	\$969,689	\$0
Florida Public Hurricane Loss Model (Projects) **	\$0	\$1,077,227	\$1,077,227
Lease or Lease-Purchase of Equipment	\$27,403	\$27,403	\$0
Risk Management Insurance	\$128,297	\$227,229	\$98,932
DMS Human Resources Contract	\$94,266	\$91,939	(\$2,327)
<b>TOTAL</b>	<b>\$30,707,991</b>	<b>\$32,338,634</b>	<b>\$1,630,643</b>
<p>*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.</p> <p>**Funds are nonrecurring and disbursed directly to Florida International University (FIU).</p>			

# Linkage to Governor's Priorities

## Economic Development and Job Creation

**1. Focus on Job Growth and Retention.** Through consistent leadership, regulatory innovation and stakeholder outreach, the OIR fosters an insurance environment conducive to business expansion and job growth. More than 219,000 Floridians are employed in the insurance sector. <sup>1</sup>

**2. Reduce Taxes.** OIR does not have taxing authority, but 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 2017-18, OIR approved an additional 129,147 policies for take-out. Private insurers assumed 5,005 policies.<sup>2</sup> As of June 30, 2018, Citizens' policy count dropped to 443,262.

**3. Regulatory Reform.** In FY 2017-18, the Financial Services Commission (FSC) repealed 18 rules proposed for repeal by OIR. OIR also updated 86 rules through the FSC. OIR implemented many other innovations such as allowing insurers to consolidate certain filings, and focusing OIR review of amended forms on the specific change proposed rather than re-reviewing an entire form.

## Maintaining Affordable Cost of Living in Florida

**1. Accountability Budgeting.** Through performance based budgeting, OIR carefully monitors both expenditures and outcomes, and appropriately adjusts to accomplish its mission as efficiently as possible. OIR maintains low administrative expenses and closely monitors staff productivity by tracking workload and processing times.

**2. Reduce Government Spending.** During FY 2017-2018, OIR leveraged automation and technology efficiencies resulting in the reduction of approximately 3,040 hours in staff time, a value of \$154,718. Examples of those efforts include but are not limited to:

- Eliminating 400 hours of staff time by automating Foreign Entity filings, a cost-savings of \$10,000.
- Leveraging technology in the rate-making process and reducing 780 hours of staff time, producing \$23,400 in cost-savings.
- Leveraging technology to reduce the total time for completing the Certification of Valuation from five months to two weeks, saving 800 staff hours. This produces an annual cost-savings of \$56,718.

OIR does not receive any state general revenue dollars, keeps its cost of regulation low relative to other states, and is exclusively funded from the Insurance Regulatory Trust Fund.

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

# Trends and Conditions

## Primary Statutory Responsibilities of OIR

The following are the primary statutory responsibilities of OIR:

- Attract companies and capital to the Florida insurance market.
- License insurance companies 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.
- Collect and analyze insurance market data for use by OIR, policymakers, companies, the general public, and issue reports.

### 1. Status of Key Statutory Responsibilities

OIR's budget for FY 2018-19 is \$32.3 million, with 287 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund and receives no state general revenue funds. In FY 2017-18, OIR spent over 95 percent of every dollar received on regulatory responsibilities. Administrative costs accounted for less than five percent of the funds spent by OIR.

#### a. Certificates of authority (COA)

OIR is actively engaged in licensing insurance companies and certain other insurance related entities through the certificate of authority application process. Florida law requires OIR to approve or deny a complete application for a new certificate of authority for an insurance company within 180 days of receipt. With other entities receiving a new certificate of authority, OIR must approve or deny the new certificate of authority within 90 days, except continuing care retirement communities, which are approved or denied within 45 days. Amendments to existing certificates of authority for insurance companies must be approved or denied within 90 days.<sup>3</sup> In FY 2017-18, OIR approved 125 new COAs and processed 97 percent of new COA applications within 90 Days.

#### b. Form and rate review

OIR reviews form and rate filings for compliance with Florida law. The statutorily required timeframes for OIR review of forms and rates vary by line and product type. The speed at which new products move 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 OIR 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 OIR 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. In FY 2017-18, OIR processed 12,654 Life and Health, and Property and Casualty rate and form filings.

### **c. Financial oversight**

OIR 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, OIR evaluates the quality of assets, adequacy of stated liabilities, and general operating results.

OIR is statutorily required to conduct a financial examination of each domestic insurer at least once every five years. Law requires all new domestic insurers to be examined each of the first three years. Examinations must be concluded within 18 months of the “as of” examination date pursuant to the National Association of Insurance Commissioners’ (NAIC) accreditation standards. When circumstances warrant heightened scrutiny, OIR performs targeted reviews of specific companies. OIR also participates in multi-state financial examinations coordinated by the NAIC.

Financial analyses are conducted on either a monthly, quarterly, and/or annual basis. Under NAIC accreditation standards, OIR 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 2017-18, OIR completed 100 percent of the 34 financial examinations and 99.5 percent of the 8,624 financial analyses within NAIC timeframes.

### **d. Market conduct examinations and investigations**

OIR monitors insurance company products and practices for compliance with the Florida Insurance Code through market conduct examinations and investigations. Consistent with the trend nationally, OIR 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 five managing lead states engaged in the nationwide examinations of the claims settlement practices of life insurance and annuity companies. In Fiscal Year 2017-18, OIR recovered \$124.4 million on behalf of Florida consumers and helped reform claims settlement practices used by life insurance companies.

OIR also uses market analyses to identify significant issues adversely affecting consumers. These consist of a review and analysis of information reported in financial statements, in complaint data, 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 2017-18, an additional 143 insurance and insurance-related entities entered the Florida market and 153 new lines of business were added to existing COAs.<sup>4</sup> While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, 14 were newly licensed property and casualty insurers and nine were newly licensed life and health insurers.

<b>New Insurance Entities in Florida - Fiscal Year 2017-18</b>	
<b>Authority Category</b>	<b>Number of Entities</b>
<b>Property &amp; Casualty</b>	<b>14</b>
Everest Denali Insurance Company	
Everest Premier Insurance Company	
Radnor Specialty Insurance Company	
Ffva Select Insurance Co.	
Amica Property and Casualty Insurance Company	
Jm Specialty Insurance Company	
Continental Divide Insurance Company	
Redwood Fire and Casualty Insurance Company	
U.S. Underwriters Insurance Company	
Great Plains Casualty, Inc.	
Ismie Mutual Insurance Company	
Starr Specialty Insurance Company	
Philadelphia Reinsurance Corporation	
Indemnity National Insurance Company	
<b>Life &amp; Health</b>	<b>4</b>
First Care, Inc.	
Mii Life, Incorporated	
Devoted Health Insurance Company	
Oscar Insurance Company of Florida	
<b>Health</b>	<b>5</b>
Baycare Select Health Plans, Inc.	
Doctors Healthcare Plans, Inc.	
Health First Commercial Plans, Inc	
Solis Health Plans, Inc.	
Devoted Health Plan of Florida, Inc.	
<b>Other Entities *</b>	<b>120</b>
<b>Total</b>	<b>143</b>
* includes Donor Annuities, Risk Groups, Surplus Lines, and other Specialty Companies	

**f. Data collection and analyses (Rebecca Smid to Update)**

OIR engaged in extensive data collection and analyses in FY 2017-18 related to:

- Access Control List (for network security) (twice a year)
- Annual Long-Term Care Claims Denial Reporting (ongoing)
- Annual Reinsurance Data Collection (3 individual data calls)
- Catastrophe Reporting Form for Hurricane Irma (29 individual data calls)
- COA Invoicing (annually)
- Continuing Care Retirement Community Refund form (2 individual data calls)



- Donor Annuity Agreements (ongoing)
- Department of Revenue /Legislature Tax Premium Report (annually)
- HMO Provider Contract Terminations (ongoing)
- Major medical and other accident and health enrollment and premium reporting with life and annuity policy breakdowns added (annually)
- Market Conduct Rescinded Policy reporting (ongoing)
- Motor Vehicle In Force Policy Count Report (4 individual data calls)
- Motor Vehicle excess profits and policy count reporting (annually)
- Professional liability claims reporting (ongoing)
- Property and casualty annual calendar year experience (financial) reporting (annually)
- Property and casualty insurance (residential and commercial residential policy data) (4 individual data calls)
- Quarterly Comprehensive Health Reporting (4 individual data calls)
- Regulatory Life Settlement Agreements reporting to the states (4 individual data calls)
- Title agency data call (annually)
- Title underwriter Florida-only financial data calls (3 individual data calls)
- Unfair discrimination based on travel annual life insurance survey (annually)
- Update Disaster Contacts (and Claims Number) Information (annually)

OIR completed numerous statutorily required reports in FY 2017-18.

## **2. Technology in Carrying Out Statutory Responsibilities**

OIR has one of the most sophisticated regulatory technology systems in the country, featuring applications that electronically receive and process insurance company form, rate, data, and financial filings. Highlights from FY 2017-18 include the following:

- “Umbrella Project” – a rewrite of its existing computer applications into a consolidated filing submission and review tool – was officially launched into the Production environment with four industry data collection activities opened to filers on July 1, 2017. The new system is the Insurance Regulation Filing System (IRFS). All data collections listed in 1. A. were published using the new IRFS.
- IRFS Product Review for Life and Health and Property and Casualty has been developed and is currently in user acceptance testing. External users and analysts are being provided the same functionality that exists in I-File system and the Electronic Data Management System (EDMS) with additional functionality and efficiencies.
  - Existing functionality from I-File was transferred to IRFS External includes but is not limited to the following: log in with filing ID; replicate filing; copy filing; and account management.
  - Entity management feature was created to require filers to subscribe to entities prior to filing on their behalf. This subscription feature includes notifications that are sent to all subscribers of an entity when additional users sign up to represent that entity. Should a valid subscriber notice that an invalid subscriber is attempting to associate with the entity, the notification prompts them to contact OIR to revoke the access of the user in question.

- The filing creation process has been streamlined; less pages/clicks to complete from start to finish.
  - An administrative tool was created for to allow staff to develop and post guides and frequently asked question to help centers of specific IRFS applications (currently administrative tools, external, external search, internal review, and internal search). In addition to guides and frequently asked questions, the external help center contains a link to the FLOIR website, an option to contact OIR, and a templates section that allows the user to access all OIR-created templates that are active / utilized by component lists in the External application.
  - To assist analysts in properly completing their assigned filings, final action validations can be applied to filing/review workflows. These validations will prevent the user from taking a final action on and/or closing a filing until certain criteria is met. Examples include stamping one or more documents, creating and attaching a specific letter type to the review, and sending an email to the filer.
  - Sub workflows have been created for internal review. This feature allows analysts to create additional reviews and gain insight from co-workers to assist them in completing the filing. Reasons include new employee training, rate analyst feedback, and form analyst feedback.
  - Integrated the Rate Collection System (RCS), Medicare Supplement Insurance Rates (MGAP), and Quarterly Supplement Reporting (QUASR) into IRFS to allow filers to continue filing from those systems.
  - Created the Financial Analysis and Monitoring EDMS (FAME) component designer to replace Adobe LiveCycle.
  - Restructured the internal search that provides users with the ability to save and share search criteria with other members of their business unit.
- Enhanced the catastrophe contact information gathering by adding a new contact type catastrophe lead.
  - The team is currently creating an invoicing application to allow staff to create and manage invoices in IRFS. It includes:
    - Integration with the Cashiers Office Deposit Automation (CODA), a system within the Department of Financial Services
    - Ability to track funds by resource codes, org codes, and other identifiers
    - Invoice templates for recurring scenarios (i.e., COA renewals)
    - Management of specific expense types, void reasons, and uncollectable codes
  - The next priority will be establishing a filing and review protocol for all financial analysis forms to be submitted through the Umbrella system.
  - Analysis has begun on the legislative tracking system.

### **3. Market Conditions in Florida**

As of June 30, 2018, OIR had oversight of 4,475 entities in Florida.<sup>5</sup> The Florida homeowners' insurance market is the largest in the nation based on premium volume. Market conditions in Florida can be assessed against a variety of criteria, including market

entry (new entities), 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**

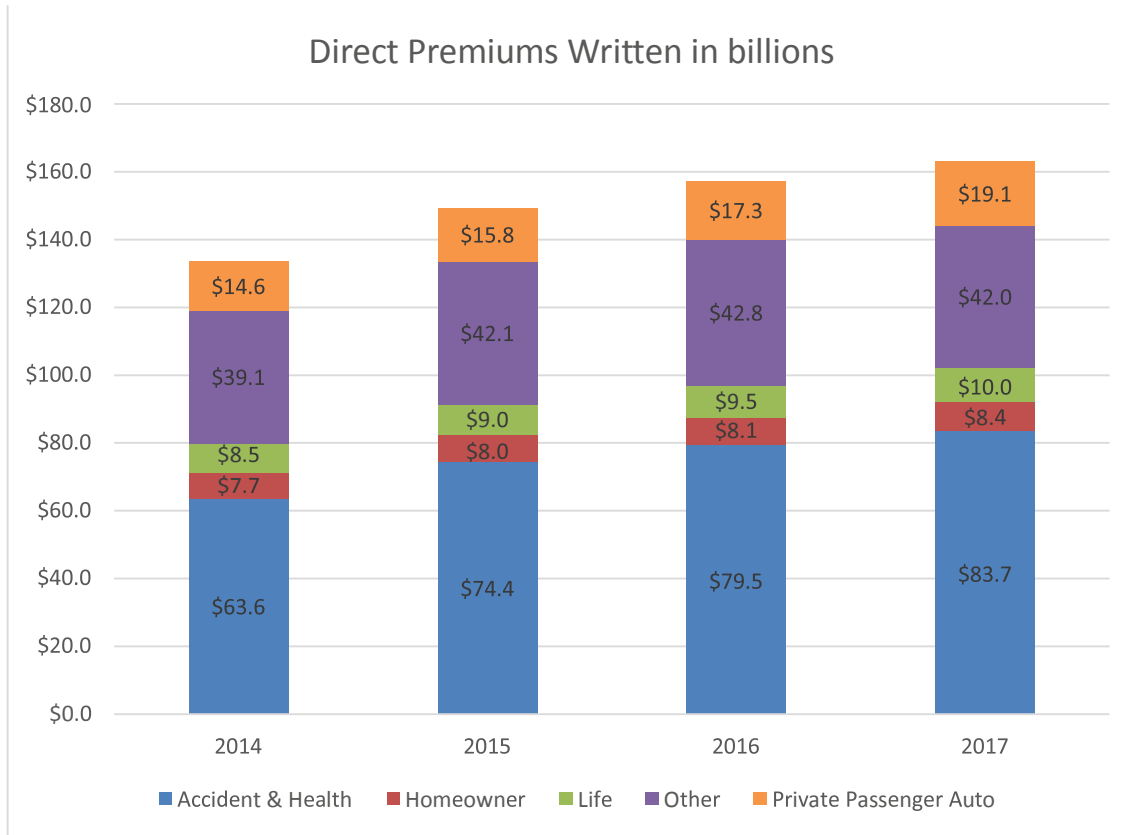
Florida insurance markets are generally competitive, although market concentration varies considerably from one line to another, as shown in Table 2.

<b>Line of Business</b>	<b>Top Writer</b>	<b>Top 5 Writers</b>	<b>Top 10 Writers</b>
Accident and Health	14.4	44.9	64.42
Commercial Multi-Peril	11.0	26.8	39.2
Homeowners Multi-Peril	9.6	30.9	46.9
Life	6.5	23.7	39.0
Medical Malpractice	19.6	50.6	63.4
Private Passenger Auto	15.5	52.0	67.8
Title	31.1	82.2	97.2
Workers Compensation	8.5	28.4	42.1

**c. Premium volume<sup>7</sup>**

As shown in Figure 2, Florida is continuing to experience steady premium growth. Among all writers, total written premium expanded from \$133.4 billion at year-end 2014 to \$163.2 billion in year-end 2017, a strong 9.3 percent increase. This increase primarily resulted from a surge in premium written by accident and health providers. During this period, Florida ranked tenth globally in total direct written premium.<sup>8</sup>

**Figure 2**



**d. Premium rates**

Rate trends vary across insurance lines. Health insurance rates continue to increase as a result of the Patient Protection and Affordable Care Act (PPACA). Rates in the individual market for the 2018 plan year were 44.7 percent higher than rates for the 2017 plan year, largely due to a 31 percent increase to account for the elimination of cost-share reduction (CSR) payments to health insurers.<sup>9</sup> Approved rates for individual major medical plans for the 2019 plan year represent an average increase of 5.2 percent. Some of this cost may be offset for individuals eligible for a premium subsidy and purchasing coverage through the federally facilitated marketplace.

Property insurance rates were trending lower for hurricane risk, but higher for non-catastrophe losses such as water claims. More commonly known as “Assignment of Benefits (AOB),” this issue was highlighted by Citizens Property Insurance Corporation through its annual rate filing in which it was characterized as a pervasive issue in the tri-county area of South Florida (Broward, Palm Beach, and Miami-Dade) and other areas of the state. For the benefit of gathering more information to provide to the Financial Services Commission, legislators and other stakeholders, OIR conducted a data call to collect claims information from the top 25 property and casualty insurers operating in the state, which was released in February 2016. The results of the data call showed the

frequency and severity of water loss claims was increasing and has impacted other insurers. The update to the data call released in January 2018 reported annualized loss trends for frequency and severity of water loss claims more than doubled those shown in the prior report.

A soft reinsurance market was favorable for insurers in certain segments of the property market. Many companies are using the savings to purchase increased reinsurance coverage, reduce rates, or some combination of the two.

Workers' compensation rates are down an average of 60 percent since 2003 despite the 14.5 percent overall average rate increase that was approved effective December 1, 2016. The December rate increase addressed two major Florida Supreme Court decisions and Senate Bill 1402 that ratified the Florida Workers' Compensation Health Care Provider Reimbursement Manual, 2015 Edition. On April 28, 2016, in *Marvin Castellanos v. Next Door Company, et al.*, Case No. SC13-2082, the Florida Supreme Court found the statutory mandatory attorney fee schedule in Section 440.34, Florida Statutes, unconstitutional as a violation of due process under both the Florida and United States Constitutions. On June 9, 2016, in *Bradley Westphal v. City of St. Petersburg, etc., et al.*, Case No. SC13-1930, the Florida Supreme Court found the 104-week statutory limitation on temporary total disability benefits in Section 440.15(2)(a), Florida Statutes, unconstitutional because it causes a statutory gap in benefits in violation of an injured worker's constitutional right of access to courts. The Castellanos decision continues to create uncertainty in the marketplace as stakeholders adjust and adapt to the new legal environment. Even after considering the impact of the Castellanos decision, other factors at work in the marketplace combined to contribute to two rate decreases in 2018. The contributing factors to the 2018 rate decreases include, but are not limited to, increases in investment income, declines in claim frequency, lower assessments, and the Tax Cuts and Jobs Act of 2017.

Private passenger automobile insurance premiums benefited from lower Personal Injury Protection (PIP) rates following the implementation of HB 119, the 2012 PIP reform law. On average, an OIR study showed PIP rates decreased 13.6 percent in the two years after the law was implemented; however, some losses that previously would have been covered under PIP migrated to other coverages (e.g., Bodily Injury, Medical Payments, and Uninsured Motorists). Overall, all auto insurance rates decreased 0.1 percent in the two-year period post-HB 119. This trend started reversing in 2016, and auto insurance coverages are beginning to see incremental rate increases due to the rising frequency of crashes, increasing medical costs, and higher repair costs.

#### **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. Much of this is due to a combination of changes to the Medicare and Medicaid programs and large enrollment volume as a result of the PPACA. Particularly concerning to OIR is the financial condition of long term care insurers and the impact of potential insolvencies on the health insurance market.

In the property insurance sector, Florida domestics are stable and competitive. Comparing the results from year-end 2016 to year-end 2017, gross written premium increased 7 percent and policyholder surplus increased 6 percent.<sup>10</sup> Surplus is up 21.4 percent since 2013.<sup>11</sup> Florida's domestic property insurers are well-positioned to satisfy the demand from continued population growth.

#### **f. Residual markets<sup>12</sup>**

Small residual markets are generally associated with healthy voluntary markets. Private insurers write the overwhelming majority of premium in Florida in the voluntary market. Except for the property insurance market, residual markets remain small in Florida. However, Citizens Property Insurance Corporation, the largest residual insurer, decreased its policy count 56.5 percent since 2013.

### **4. New Laws**

#### **a. Federal**

While the PPACA became law in 2010 and, therefore, is not a new law, the regulations spawned by the Patient Protection and Affordable Care Act<sup>13</sup> continue to evolve and shape the requirements of the Act through annual agency rulemaking, guidance, and frequently asked questions.

#### **b. Florida**

For a comprehensive list of legislation that passed during the 2018 Session affecting various types of insurance products and lines, see OIR's [2018 Legislative Summary](#).

### **What Led OIR to Select its Priorities?**

The priorities of OIR are a result of market conditions and are selected from the statutory responsibilities assigned by the Legislature and consistent with the performance measures adopted by the FSC.

### **How Does OIR Plan to Address the Priorities over the Next Five-Year Period?**

OIR will address stated priorities and pursue its mission by:

- Mitigating unnecessary homeowners' rate increase and market disruption arising from AOB litigation abuse;
- Evaluating approaches to help stabilize the individual and group health insurance markets so that carriers return to our market and alleviate consumer rate uncertainty;
- Advocating for policies that encourage more vibrant private flood insurance market so that more homeowners receive private flood coverage;
- Examining ways to mitigate rising automobile insurance premiums so that Florida consumers receive lower prices and better coverage;
- Judiciously enforcing insurer and insurance-related entity compliance with statutory market conduct requirements;

- Assessing strategies to address challenges in the workers’ compensation market to remove the burden on Florida’s small businesses and help them thrive; and
- Monitoring use of big data and developing tools to better understand its impact on consumers.

**Justification of Revised or Proposed New Programs and/or Services**

OIR is not recommending any new programs or services.

**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 OIR 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. OIR continues to focus on productivity enhancements in an effort to achieve goals consistent with the stated mission.

**List of Potential Policy Changes Affecting OIR’s Budget Request or Governor’s Recommended Budget**

None anticipated

**List of Changes Requiring Legislative Action, including the Elimination of Programs, Services and/or Activities**

None

**List of all Task Forces and Studies in Progress**

**1. Commissions, Boards, and Task Forces** - OIR is involved with numerous insurance–related commissions, boards and task forces, including the following:

**a. Life and health**

- Birth-Related Neurological Injury Compensation Association (NICA)
- 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 Health Insurance Advisory Board
- Florida KidCare Coordinating Council
- 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 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

## **2. . Studies and reports**

### **a. Annual reports**

- Accident and Health Gross Annual Premium Report
- Cover Florida Health Access Program Report (Joint Report with Agency for Health Care Administration)
- 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)
- Regulatory Plan
- Legislative Budget Request
- Long-Range Program Plan
- Medical Malpractice Liability Claims—Annual Summary
- Office of Insurance Regulation Annual Report
- Officers and Directors Liability Claims—Annual Summary
- Workers’ Compensation—Marketplace Availability and Affordability

### **b. Biennial – triennial – quadrennial reports**

- 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 (OIR provides data and support to the Department of Financial Services to complete recommendations)

### **c. Other reports**

- Managed Care Summary Report (quarterly)

In addition, reports detailing OIR activities and achievements are submitted to the FSC on a weekly and monthly basis.



## Footnotes

<sup>1</sup> 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 in 2016.

<https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=1&isuri=1>

<sup>2</sup> Florida Office of Insurance Regulation, Citizens Take-Out Spreadsheet, Total Policies Approved and Assumed 2017 and Total Policies Approved and Assumed 2017.

<sup>3</sup> Section 120.60(1), F.S.

<sup>4</sup> Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on September 25, 2017 retrieval.

<sup>5</sup> Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on September 25, 2017 retrieval.

<sup>6</sup> Compiled by the Florida Office of Insurance Regulation from NAIC Calendar Year 2016 company-reported premium data.

<sup>7</sup> Premium data based on 2017 retrievals from NAIC and OIR FAME data reported for Calendar Year 2016.

<sup>8</sup> National Association of Insurance Commissioners, 2016 Premium Volume -- Worldwide (An Alternative Look), 2017.

<sup>9</sup> The average rate change is based upon rate filings submitted to the Florida Office of Insurance Regulation.

<sup>10</sup> Information contained in the NAIC Financial Data Repository.

<sup>11</sup> Calculated from information contained in the NAIC Financial Data Repository.

<sup>12</sup> 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.

<sup>13</sup> Public Law 111–148; 124 STAT. 119 (March 23, 2010).

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## LRPP Exhibit II - Performance Measures and Standards

<b>43900000 Financial Services Commission</b>				
<b>Office of Insurance Regulation</b>				
<b>Approved Performance Measures for Fiscal Year 2018-19</b>	<b>Approved Prior Year Standard FY 2017-18 (Number)</b>	<b>Prior Year Actual FY 2017-18 (Number)</b>	<b>Proposed Revised Standards for FY 2018-19 (Number)</b>	<b>Requested FY 2019-20 Standard (Number)</b>
<b>43900110 Compliance and Enforcement</b>				
Percentage of life and health form and rate filing reviews completed within 45 days.	90%	99.9%	90%	90%
Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.	90%	99%	90%	90%
Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.	98%	100%	98%	98%
Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.	98%	96.8%	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%	99.8%	98%	98%
Percentage of non-priority Financial Analyses completed within 90 days.	95%	99.5%	95%	95%
<b>43900120 Executive Direction and Support Services</b>				
Administrative costs as a percentage of total agency costs.	10%	4.9%	10%	10%
Administrative positions as a percentage of total agency positions.	10%	5.7%	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%	99.9%	9.9%	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%	9%	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.

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

- |                                                                              |                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Resources 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%	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 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%	96.8%	(1.2%)	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 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%	15%	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%	99.8%	1.8%	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 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%	99.5%	4.5%	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%	4.9%	(5.1%)	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:**

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%	5.7%	(4.3%)	N/A

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

<b>Measure Number</b>	<b>Approved Performance Measures for Fiscal Year 2017-2018</b>	<b>Associated Activities Title</b>
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	Percentage of 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.

*Office of Policy and Budget – July 2018*

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2017-18			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			368,910,942	1,115,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			-7,268,019	0	
FINAL BUDGET FOR AGENCY			361,642,923	1,115,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					1,115,000
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.		3,644	110.61	403,054	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		59,947	18.07	1,083,370	
Investment Of Public Funds * Dollar Volume of Funds Invested		23,300,000,000	0.00	941,191	
Provide Cash Management Services * Number of cash management consultation services.		55	24,663.73	1,356,505	
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	0.75	2,089,465	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,785,504	1.03	1,837,778	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		35,521	132.11	4,692,638	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,238,210	0.08	782,106	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		309,815	25.64	7,942,380	
Process State Employees Payroll * Payroll payments issued		3,091,848	0.65	1,998,716	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		12	7,050.50	84,606	
Conduct Fiscal Integrity Investigations *		24	34,419.67	826,072	
Article V - Clerk Of The Courts * N/A		6	74,401.50	446,409	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,476,111	1.28	3,165,583	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		623,408	5.60	3,489,492	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,089	71.74	580,332	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,726	273.95	4,308,213	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		343	1,689.98	579,664	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		538	1,179.51	634,575	
Investigate Fires Accidental, Arson And Other *		3,488	4,367.39	15,233,460	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		233,621	9.71	2,269,331	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,993	122.97	1,105,902	
Provide Forensic Laboratory Services *		8,419	164.11	1,381,612	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		21,817	1,915.21	41,784,046	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		6,196	2,619.33	16,229,373	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		3,387	867.97	2,939,801	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.(top 3 agencies)		111	23,160.91	2,570,861	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		21	25,391.81	533,228	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		133,455	20.77	2,772,133	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		49,370	31.69	1,564,621	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,886,595	0.43	812,681	
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		241,324	1.79	432,464	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,533	1,288.55	5,841,017	
Investigate Insurance Fraud (general) *		1,857	11,276.61	20,940,670	
Investigate Workers' Compensation Insurance Fraud *		312	11,036.76	3,443,468	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		65,580	67.00	4,393,812	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		470,327	1.43	673,922	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		297,127	16.72	4,968,131	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,587	1,691.34	2,684,152	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		94,992	47.53	4,515,169	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		28,790	508.69	14,645,215	
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.		833	6,163.94	5,134,588	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,669	854.87	1,426,782	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		121,431,103	0.01	720,742	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		6,710,138	0.58	3,876,669	
Reimbursement Disputes * Number of petitions resolved annually		3,912	424.38	1,660,189	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		4,683	1,519.41	7,115,380	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority (COAs) processed.		125	7,966.02	995,752	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		384	8,641.30	3,318,259	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,624	1,918.14	16,541,997	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		12,654	702.29	8,886,755	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		203	23,393.80	4,748,942	
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.		21,224	98.16	2,083,271	
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.		96	119,893.40	11,509,766	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		9	87,467.89	787,211	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		160	23,793.80	3,807,008	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		277	20,561.11	5,695,428	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conduct examinations of securities firms and branches.		242	24,995.90	6,049,007	
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.		58,878	45.81	2,696,970	
TOTAL				276,031,904	1,115,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				40,038,301	
REVERSIONS				45,572,709	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				361,642,914	1,115,000

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

-----  
SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:  
-----

AUDIT #1: THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*  
-----

AUDIT #2: 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 \*\*\*  
-----

AUDIT #3: THE ACTIVITIES LISTED IN AUDIT #3 DO NOT HAVE AN ASSOCIATED OUTPUT STANDARD. IN ADDITION, THE ACTIVITIES WERE NOT IDENTIFIED AS A TRANSFER-STATE AGENCIES, AS AID TO LOCAL GOVERNMENTS, OR A PAYMENT OF PENSIONS, BENEFITS AND CLAIMS (ACT0430). ACTIVITIES LISTED HERE SHOULD REPRESENT TRANSFERS/PASS THROUGH THAT ARE NOT REPRESENTED BY THOSE ABOVE OR ADMINISTRATIVE COSTS THAT ARE UNIQUE TO THE AGENCY AND ARE NOT APPROPRIATE TO BE ALLOCATED TO ALL OTHER ACTIVITIES.

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	301,447	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	643,904	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,429,331	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	845,464	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	5,677,444	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,478,123	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	1,946,223	
43300500	1202000000	ACT3440	PASS-THROUGH GRANTS AND AIDS LOCAL	97,022	
43300500	1202000000	ACT3520	FIRE INCIDENT REPORTING	244,733	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	1,000,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,251,070	
43700400	1205000000	ACT5510	HURRICANES AND OTHER NATURAL	2,011,304	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,892,547	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	969,689	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

-----  
AUDIT #4: TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	361,642,923	1,115,000
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	361,642,914	1,115,000
	-----	-----
DIFFERENCE:	9	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====



# Glossary

- 1. 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.
- 2. 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.
- 3. Budget Entity:** A unit or function at the lowest level to which funds are specifically appropriated. “Budget entity” and “service” have the same meaning.
- 4. 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.
- 5. Financial Services Commission:** Pursuant to Section 20.121(3), Florida Statutes, the FSC is composed of the Governor and Cabinet and appoints the Directors of the Office of Insurance Regulation and Office of Financial Regulation, and makes rules.
- 6. 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.
- 7. 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.
- 8. 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.

**9. 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.

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



## **Florida Office of Insurance Regulation**

**David Altmaier, Insurance Commissioner**

200 East Gaines Street – Tallahassee, FL 32399

(850) 413-3140  
[www.floir.com](http://www.floir.com)



# FLORIDA OFFICE OF FINANCIAL REGULATION

www.FLOFR.com

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**PAMELA P. EPTING**  
INTERIM COMMISSIONER

## Long Range Program Plan

October 1, 2018

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 2019-20 through Fiscal Year 2023-24. 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 Pamela P. Epting, Interim Commissioner of the Florida Office of Financial Regulation.

Sincerely,

A handwritten signature in blue ink that reads "Pamela P. Epting".

Pamela P. Epting  
Interim Commissioner  
Office of Financial Regulation



FLORIDA OFFICE OF FINANCIAL REGULATION

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PAMELA P. EPTING  
INTERIM COMMISSIONER

# Office of Financial Regulation Long Range Program Plan

Fiscal Years 2019-20 to 2023-24

October 1, 2018

# 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 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 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 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
100%	100%	100%	100%	100%	100%

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

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

Baseline Year 2008-09	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 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 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 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, F.S.

Baseline Year 2002-03	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 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 as required by S. 560.109, F.S.

Baseline Year 2015-16	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 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 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
41	105	110	115	120	130

**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 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 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 12 months of case opening

Baseline Year 2009-10	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
60%	69%	70%	72%	73%	75%

**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 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
2.33 minutes	1:40 minutes	1:35 minutes	1:30 minutes	1:30 minutes	1:20 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:

1. Economic Development and Job Creation
2. Maintaining Affordable Cost of Living in Florida

This 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:

- Florida's population growth in 2017 was second largest in U.S.<sup>1</sup>
- State Gross Domestic Product grew with real growth gain of 2.5%, above the national average of 1.8% and ranked Florida 11<sup>th</sup> in the nation.
- Florida's personal income grew at 5.0%, above the national average of 4.3% ranking Florida 13<sup>th</sup> in the nation.
- Unemployment continues to improve. Florida's unemployment rate of 3.7%, is slightly better than the national average of 3.9%.
- Consumer sentiment remains high at 97.9, well above the average of 86.0.<sup>2</sup>

However, there are also signs of slow improvement:

- Existing home sales in Florida have shown slow improvement. In 2014, sales were up 1.6% above the prior year, and showed exponential growth in 2015 (up 20% over 2014). This trend decreased in 2016 with only 11.1% growth.<sup>3</sup> Most recent data for the 2017 calendar year indicates that single-family building permit activity increased slightly by 13.5% over the prior year.
- The median price for a single-family residence in Florida has been below the national average since 2008, but has now climbed to only 6.9% below the national average.<sup>4</sup>
- Florida homeownership for 2017 was at 64.1%. This rate is below the lowest homeownership rate previously recorded in Florida (64.4% in 1989). However, preliminary data for the first half of the 2018 calendar year is showing improvement.<sup>5</sup>

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<sup>1</sup>United States Census Bureau's national and state population estimates, *Miami Agent Magazine*, January 3, 2018.

<sup>2</sup>Florida: An Economic Overview, The Florida Legislature, Office of Economic and Demographic Research, August 17, 2018. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FIEconomicOverview\\_8-17-18.pdf](http://edr.state.fl.us/Content/presentations/economic/FIEconomicOverview_8-17-18.pdf)

<sup>3</sup>Florida: An Economic Overview, August 17, 2018.

<sup>4</sup>Florida: An Economic Overview, August 17, 2018.

<sup>5</sup>Florida: An Economic Overview, August 17, 2018.

**Population growth** is Florida's primary engine of economic growth, fueling both employment and income growth.<sup>6</sup> Between July 2016 and July 2017, the U.S. population increased by 2.3 million, or 0.72 percent, bringing the nation's total population to 325.7 million. In this 12-month span, Florida gained 327,811 residents, second only to Texas, which saw a growth of 399,734. The national population grew 0.72 percent overall in 2017. Florida saw a 1.6 percent growth and remains the third-most populous state with a population of 20,984,400.<sup>7</sup>

Florida's **State Gross Domestic Product** (GDP) all goods and services produced or exchanged in a state) outperformed the nation as a whole in 9 of the past 11 years. For 2007 and 2008, Florida fell well below the national level (4.8% U.S. versus 2.8% Florida and 3.3% U.S. versus 0.3% Florida, respectively).<sup>8</sup> Florida's growth turned positive in 2010 with a gain of 1.4%.<sup>8</sup> Florida's GDP showed a real growth gain of 2.5% for calendar year 2017, which was above the national average of 1.8%.<sup>9</sup>

**Personal income growth** is also used to gauge the health of an individual state. It is primarily related to changes in salaries and wages and the quarterly figures are used 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 2017, Florida's personal income grew 5.0%, surpassing the national average of 4.3%.<sup>10</sup>

The **unemployment** rate in Florida is improving. Currently at 3.7%, Florida is slightly below the national rate of 3.9%.<sup>11</sup>

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<sup>6</sup> *Florida: An Economic Overview*, August 17, 2018

<sup>7</sup> *United States Census Bureau's national and state population estimates, Miami Agent Magazine, January 3, 2018.*

<sup>8</sup> *Florida: An Economic Overview*, July 23, 2010.

<sup>9</sup> *Florida: An Economic Overview*, August 17, 2018.

<sup>10</sup> *Florida: An Economic Overview*, August 17, 2018.

<sup>11</sup> *Florida: An Economic Overview*, August 17, 2018.

## **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 advisers, consumer collection agencies and money transmitters throughout Florida and, as of June 30, 2018, has more than 456,000 licensees. Executive Direction for the OFR includes the Commissioner, Deputy Commissioner, the Office of General Counsel, the Office of the Inspector General, and other executive-level team members. It provides direction, executive guidance, legal and administrative support to carry out the OFR's statutory and administrative responsibilities. Executive Direction is currently engaged in several initiatives to improve the overall effectiveness and efficiency of the OFR's operations.

## **Regulatory, Enforcement and Licensing (REAL) System**

In 2008, the OFR consolidated more than 20 legacy information technology systems and paper-based business processes within the Division of Securities 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.

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.

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 MicroPact Global, Inc. (formerly Iron Data Solutions, LLC). Under the implementation contract with Accenture, LLP, the OFR's custom web services portal was also developed, which provides self-service processing to the general public and to licensees.

The OFR submitted a legislative budget request in September 2015 for the 2016 Legislative Session requesting funding for the re-procurement of the REAL System operations and maintenance support services contract. In addition, the OFR requested funding to leverage the re-procurement by also migrating the Division of Financial Institutions into REAL and facilitating the replacement of the custom web services portal with a COTS package that will seamlessly integrate into REAL.

The legislature and Governor granted the OFR's requested funding for the three REAL initiatives in the 2016 General Appropriations Act, effective July 1, 2016. Thereafter, the OFR began its competitive re-procurement of the operations and maintenance support services contract, to be effective on July 1, 2017, and procurement of system integration

vendor services for Division of Financial Institutions migration into REAL and portal replacement. Following a competitive solicitation, a contract was awarded to Accenture, LLC.

Seamless continuation of REAL System operation and maintenance began on July 1, 2017, and successful migration of the Division of Financial Institutions was completed as scheduled. The portal replacement initiative was completed on May 21, 2018.

## **Employee Turnover and Retention Efforts**

Over the last several years, the OFR has experienced staff vacancy and spikes of employee turnover. OFR employees work in highly-specialized areas, which require certain technical skillsets, industry knowledge and significant training. Discussions with senior management and agency vacancy report data reflect an ongoing challenge to hire, train, and retain highly-qualified staff.

While turnover is not unique in state government, it threatens OFR's institutional knowledge, work production and job satisfaction of the remaining employees. Likewise, long-term employees that leave the agency deplete institutional knowledge and contribute to higher demands being placed on newer employees.

In response to these issues, the OFR initiated steps to explore staff turnover and retention through data collection and analysis. Rather than relying on anecdotal information, the OFR began new approaches to compile and collect information.

- (1) Employee Engagement Survey. The agency developed the first-ever OFR employee engagement survey in late 2015. The survey was designed to measure the level of employee engagement and understand how OFR employees feel on-the-job. The survey was conducted by program area and a baseline survey was concluded in March of 2016. The OFR conducted additional surveys in FY 2016-17 and FY 2017-18, and each survey category showed improvement over the initial survey. The OFR will continue the practice of conducting annual engagement surveys with a goal of measuring and improving employee satisfaction and staff retention.
- (2) Employee Exit Interviews. The OFR developed and formalized an employee exit interview program. This program was designed to conduct interviews with outgoing staff members. An interview is conducted in the form of a voluntary questionnaire and a one-on-one interview, at the request of the outgoing employee. This is an on-going initiative and we will continue to refine the questions asked to solicit additional information regarding employee satisfaction and/or reasons for leaving the agency.
- (3) Management/leadership training program. The OFR hosted its first statewide managers meeting to bring supervisors together to participate in a manager training and development program in September 2016. The OFR hosted another successful leadership symposium in September 2018. Items discussed include communications, ethics, harassment and discrimination and retention and engagement. This symposium received widespread support and approval from managers and we

anticipate that these efforts will reflect positively on the employee satisfaction survey results.

- (4) Manager Orientation. Managers are critical to the employee retention efforts of the OFR. The September 2016 manager training was a first step. An additional step to both manager and employee retention is manager orientation. The vision for this initiative is to bring regional office managers to headquarters during the first 90 days of employment. This provides the new manager the opportunity to meet the headquarters leadership team, learn the values and culture of the program, learn about the expected performance metrics, and helps the new manager develop a sense of being part of the team.
- (5) Employee On-Boarding Activities. The OFR implemented an agency specific “new employee orientation.” The OFR receives its administrative services support from the Department of Financial Services (“DFS”). This mini-orientation program was initiated early 2017 and is facilitated both in-person and via Skype link to new employees in the OFR headquarters and regional offices. This program is hosted by the agency’s human resources administrator and the leadership team. A senior manager from each area of the OFR presents at this event. It offers new employees the opportunity to engage with leadership, learn about each area and division, and ask questions. At the September 2018 Leadership Symposium it was suggested that this program be periodically hosted in one of OFR’s regional offices to further promote employee engagement across the state.

## **Training and Surveillance**

Training is vital to the success of the OFR because our most important resource is our staff. As mentioned in the previous section, OFR employees work in highly-specialized areas, which require certain technical skillsets, industry knowledge and significant training. Without the appropriate training, we jeopardize our ability to perform our regulatory functions and create reputational risk for the agency. Training and development is equally important to workplace productivity and satisfaction. Investment in training conveys to staff that they are valued, as training creates a supportive workplace. Employees who feel appreciated and challenged through training opportunities are likely to feel more satisfaction toward their jobs.

The OFR has enhanced its emphasis on developing a defined training program within each of its regulatory areas. Such training plans define the path for new employee training and ongoing professional development. The programs include a combination of in-person, on-the-job and virtual learning opportunities. A structured training and development program ensures that employees have consistent guidance and background knowledge. Over the past year, each program area has devoted a training resource to make gains in this area. Two regulatory areas have held new examiner training dedicated to enhancing the knowledge and skillset of examiners or investigators hired during the past year. While we cannot stop employee turnover, the investment in staff training is key to our continued success.



Making data-driven decisions also improves the effectiveness of our regulatory efforts. Historically, the OFR's examination of our regulated entities has required substantial time and resources and been conducted on-site at the licensee's place of business. Using technology can greatly improve the way we approach OFR examinations. Expanding data collection in advance of an examination or on an on-going basis can improve not only the quality of the examinations performed, but can reduce the amount of time at the licensee's place of business.

Over the last 10 years, more businesses have migrated away from a paper-intensive business to an electronic format. Utilizing data analytic tools will allow the OFR to be more focused and targeted in our regulatory efforts while improving the overall productivity of the organization. In FY 2016-17, several of OFR's program areas purchased data analytic software and began exploring ways to improve the efficiency of their regulatory processes. In FY 2017-18, additional software licenses were purchased to enable OFR's regional offices to further refine data analysis capabilities at the local office. In the current fiscal year, OFR will further invest in this initiative by seeking product-specific training for key software users to ensure that OFR is maximizing its benefits. The OFR will continue to expand its data collection and use available analytic tools to drive operational performance improvement and enhance risk management.

## **Emerging Products and Technologies**

Financial technology (Fintech) platforms and virtual currencies are an area of focus for the OFR. As an agency, we have spent years analyzing these issues, given the volatility that both present in the financial services marketplace. Cryptocurrencies are a medium of exchange that are created and stored electronically in the blockchain, a distributed public database that keeps a permanent record of digital transactions. Common cryptocurrencies include Bitcoin, Ethereum and Litecoin. Unlike traditional currency, these alternatives have no physical form and typically are not backed by tangible assets. They are not insured or controlled by a central bank or other governmental authority, cannot always be exchanged for other commodities, and are subject to little or no regulation. Initial Coin Offerings (ICOs) and cryptocurrency-related investment products have been identified as an emerging threat to investors in 2018.

Fintech is becoming an increasingly large component of the financial services marketplace. Fintech is technology used to support or enable banking and financial services. Google Pay, Apple Pay, and Rocket Mortgage are just a few examples of fintech platforms that deliver financial products and services to consumers. Companies in this space are evolving rapidly, and it has never been more important for OFR to build its knowledge of these products and services through research and monitoring.

## **Division of Financial Institutions**

### **Financial Institution Regulation in the United States**

Financial institutions are regulated under a unique dual banking system, which refers to the parallel state and federal banking systems that co-exist in the United States. The federal system is based on a federal charter, powers defined under federal law, operation under federal standards, and oversight by a federal supervisor. Federally chartered (national) banks are supervised by the Office of the Comptroller of the Currency (OCC), while the National Credit Union Administration (NCUA) is the primary regulator of federally chartered credit unions.

The state system is characterized by state chartering, bank powers established under state law, and operations under state standards, including oversight by state supervisors. The Florida Office of Financial Regulation is the primary regulator of financial institutions chartered by the state of Florida, including credit unions, banks, and trust companies. A state charter offers financial institutions many advantages. These institutions tend to be community institutions that provide individuals and local businesses with products and services that are tailored to their particular needs. State regulators are able to provide unique, local perspectives and knowledge of the markets in which the institutions are located. Laws and regulations can be responsive to the particular needs of the communities within the state, thus providing a more responsive financial system.

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

The Division of Financial Institutions has regulatory oversight of 186 financial institutions with total assets of \$98.6 billion as of March 31, 2018. This includes state-chartered banks, credit unions, trust companies and licensed offices of international banking corporations operating in Florida. Florida-chartered trust companies had total assets under administration of \$56.9 billion as of March 31, 2018. The number of regulated financial institutions has decreased 37% since 2010 when there were 295 state chartered financial institutions. Despite the decrease in the number of state-chartered financial institutions, the total assets of these institutions have increased by more than 5% during the same period.

Florida has continued to see improved economic growth since the economic downturn from December 2007 to June 2009, commonly referred to as “The Great Recession.” The financial condition of financial institutions across the state has continued to show improvement, and the number of troubled institutions continues to decline. Banks and trust companies have begun to see benefits from tax law changes implemented at the end of 2017. On May 24, 2018, the *Economic Growth, Regulatory Relief, and Consumer Protection Act* was signed into federal law. The new act represents the most sweeping rollback of financial regulation since the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was enacted in 2010, and intended to provide regional and community banks relief from rules that have been labeled as burdensome and costly.

Florida's strengthening economy, favorable tax law changes and a decreasing federal regulatory burden have had positive impacts on Florida's banking industry, and this has continued to fuel the merger and acquisition activity that has been seen across the state in the years following The Great Recession. Most of the acquisitions have come from out-of-state regional banks and credit unions.

From 1996 through 2009, Florida led the nation in the number of new banks opened; however, the Florida Office of Financial Regulation has not issued a banking charter since 2009. The changing economic landscape is now giving rise to a resurgence of de novo bank activity across the country and in Florida. Florida's economic growth, coupled with a rising interest rate environment have spurred interest from investors looking to start up new banks. The OFR currently has two active de novo bank applications, and more are anticipated.

Credit unions have experienced rapid growth over the last few years. The credit union assets under the OFR's supervision have nearly doubled. At the end of 2012, total assets were \$22 billion and grew to just under \$43 billion in early 2018. In large part, this is due to the flexibility permitted within OFR's field of membership expansions in comparison to the more restrictive parameters of the National Credit Union Administration.

Unless the current economic conditions deteriorate and adversely affect consumers, particularly those with outstanding consumer loans, the financial performance of the credit union industry should remain healthy with continued growth in assets. Most of our state-chartered credit unions have loan portfolios consisting of vehicle loans, residential first mortgage loans and other consumer loans. The anticipated rise in interest rates should likely benefit our credit unions, allowing them to achieve a better net interest margin.

### **Improving Taxpayer Value**

The Division of Financial Institutions 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 decisionmakers, which have jurisdictional power over a particular financial institution. Complaints have decreased from 658 in FY 2016-17 to 451 for FY 2017-18, representing a decline of approximately 31%. Typically, fluctuations in the economy have an effect on complaint volume. When the economy and financial markets are performing well, the number of complaints received tends to decline. As we experience market volatility or if the economic outlook changes, there is greater potential for complaint volume to increase.

## **Deliver Value to Business**

The Division of Financial Institutions is focused on growing business in Florida by working with financial institutions to answer questions about the application and evaluation process for seeking a license or charter. Another opportunity for delivering value to business is having well-trained staff to perform safety and soundness examinations. The Division of Financial Institutions is evaluating ways to ensure the preservation of well-trained staff and examination teams to provide these services.

## **Promote a Safe and Sound Financial Marketplace**

The Division of Financial Institutions remains focused on present and future risk assessments in order to ensure the safety and soundness of all state-chartered financial institutions. Risk-focused examinations are performed regularly, as set forth by Florida Statute, and in conjunction with federal regulatory counterparts. These examinations assess not only the financial condition of the institution, but the ability of its board of directors and management to manage risks and operate in a safe and sound manner. Information technology and cybersecurity training will remain a focus for staff, as these areas continue to pose a growing risk to all financial institutions, regardless of size or complexity. Our goal is to be supportive of innovation in the financial institutions industry, while keeping the financial institution marketplace safe and sound.

## **Legislation**

During the 2018 Legislative Session, the Division worked with industry representatives from the Florida Bankers Association and the League of Southeastern Credit Unions on several amendments to the Florida Financial Institutions Codes.

Chapter 2018-48, Laws of Florida, was signed into law by Governor Scott on March 21, 2018. The multifaceted legislation amended Chapter 658, Florida Statutes (F.S), relating to Banks and Trust Companies, to:

1. expand the pool of persons who may qualify to serve as a director, president, or chief executive officer of a de novo bank or trust company by increasing the time period within which those persons must have had specified prior experience;
2. change the percentage of directors that must have resided in the State of Florida for at least one year preceding their election, and must continue to reside in Florida during their time in office, from three-fifths to an easier to apply "majority" standard;
3. expand the pool of persons who may qualify to serve as directors by expanding the time period within which the requisite minimum number of directors who are not also officers must have had at least one year of direct experience as an executive officer, regulator, or director of a financial institution;
4. expand the pool of persons who may qualify to serve as the president, chief executive officer, or any other person with equivalent rank or who leads the overall operations of an existing bank or trust company; and

5. eliminate ambiguities and clarify permissible investments, and their limitations, in subsidiary corporations and affiliates.

In 2014, Chapter 2014-209, Laws of Florida, enacted parts II and III of Chapter 607, F.S., the Florida Business Corporation Act, to create two new types of corporations called the “social purpose corporation” and the “benefit corporation.” During the 2018 Legislative Session, Chapter 2018-139, Laws of Florida, was signed into law by Governor Scott on March 30, 2018. This legislation amended parts II and III of Chapter 607, F.S., to authorize the omission of certain confidential information from the annual benefit reports such corporations must prepare. This legislation also amended several provisions in Chapter 658, F.S., relating to Banks and Trust Companies, to provide that, in addition to part I of Chapter 607, F.S., the provisions of part II or part III of Chapter 607, F.S., if applicable, extend to state banks and trust companies formed under the Financial Institutions 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 Registration (Registration) by licensing and registering consumer financial businesses and their employees to do business in, to, or from 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 workers' 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.

Registration 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 is responsible for the examination of 15 different types of licensed entities and the continuous monitoring of the activities of existing licensees and registrants. 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.

### Registration

As of June 30, 2018, there were 13,911 businesses, 62,280 branches/vendors and 34,044 individuals 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.

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 detailed 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. In addition, review of criminal backgrounds and determination of financial responsibility are also reviewed on a yearly basis when mortgage licensees renew their license.

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 federal 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 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 states for information provided in conjunction with their NMLS filings. The OFR retains all other records within REAL that are provided outside of NMLS.

Effective January 1, 2017, the OFR adopted the Uniform State Test (UST) for loan originators. This action followed 30+ states that had already adopted the UST. Prior to adoption of the UST, loan originator applicants were required to take and pass a national test and a Florida-specific state test as part of the prerequisites to becoming a licensed loan originator. The Florida-specific state test ensured applicants were knowledgeable of Chapter 494, Florida Statutes, and administrative rules. With the adoption of the UST, OFR published new rules requiring loan originator candidates to complete two hours of pre-license education covering Florida's laws and rules and one hour of continuing education on an annual basis. The addition of the education requirements was embedded within the elective hours required of all loan originator candidates at a national level, and did not result in additional regulatory burden. The added requirement of education ensured loan originator applicants would continue to be knowledgeable of Florida laws and rules.

As a result of OFR's adoption of the UST, loan originator application volumes increased significantly starting in January 2017. Between January 1 and December 31, 2017, the OFR received 12,057 loan originator applications compared to January 1 and December 31, 2016 where the OFR received only 4,831 loan originator applications, an increase of 150%.

### **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. Consumer Finance uses technology to better analyze data and more efficiently allocate limited resources to target areas of highest risk of harm to consumers.

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 it takes OFR to approve a license has dropped from 22 days to 4 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 Long 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 faster than required by the statutory timeframe.

## **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 (MSB) at least once every five years. Over the last three fiscal years, we have recognized a decrease: during FY 2014-15, 86% of MSB examinations resulted in administrative action; FY 2015-16 the percentage declined to 80%, FY 2016-17 the percentage declined to 78%, and Fiscal Year 2017-18 the percentage declined again to 51%. The decline in the administrative actions has been due to the efforts of the Enforcement staff in conducting comprehensive examinations, thus allowing the licensees to identify compliance issues and to correct deficiencies. These efforts have leveled the playing field for law-abiding companies by removing bad actors and promoting a fair and competitive marketplace.

Consumer Finance is using better analytical tools to target examinations where the data indicates possible problems. This strategy has resulted in a reduction of the percentage of examinations resulting in administration action. As examinations typically assess compliance with Florida laws and rules by looking back two years, the effects of this initiative have been realized in the examination cycles.

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

## **Legislation**

The only major legislative change impacting the Division of Consumer Finance during the 2018 Legislative Session related to deferred presentment loan (payday lending) products. The legislature authorized a new payday loan product that can be repaid in installments over a period of between 60 and 90 days and not to exceed \$1,000 in principal. This new product is required to be input in the Deferred Presentment Transaction System (DPTS) by the licensees and regulated by the division. This new product may require revisions to the DPTS and new rules to be promulgated by the OFR.

## Proposed Federal Rules Covering Small Dollar Lending

On June 2, 2017, the Consumer Financial Protection Bureau (CFPB) officially published rules related to small dollar lending in the Federal Register. The final rules go into effect in October 2019.

The rules are directed at certain lending practices covered under the division's consumer finance, title loan, and payday lending statutes and rules. The federal rule is intended to cover all single-payment loans with a term of less than 45 days and all longer-term loans where the "all-in" annual percentage rate is greater than 36% and the loan includes a "leverage payment mechanism" (account access) or vehicle title as security (excluding purchase money loans).

The rules are generally designed to include an "ability-to-repay" requirement to ensure that consumers do not become trapped into a habitual cycle or re-borrowing to cover everyday living expenses. In addition, the rules:

- Prohibit more than two consecutive attempts to debit a borrowers account for payment if returned unpaid without obtaining a new authorization.
- Require lenders to check a real-time database before issuing a loan and report the loan in real-time.
- Require lenders to give three business days notice before debiting a consumer account for payment of the loan.

It is still unclear what the ultimate impact the rules will have on the covered industries. It is anticipated that the rules will create additional regulatory burden and cost, and would result in fewer loans originated in the state and loss of jobs and available credit to consumers in Florida and across the nation.

## **Division of Securities**

The mission of the Florida Office of Financial Regulation (OFR), 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, suspension, revocation, bar, 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, 2018, there were 8,884 dealer and investment adviser firms, 10,479 branches and 325,939 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 15 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 15,676 disciplinary updates on registrants in FY 2017-18. 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**

Securities strives to improve service to its applicants and registrants by processing submissions in a timely manner. During FY 2017-18 and currently Securities' time to approve an applicant's registration request is four days.

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 five 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 faster than required by the statutory timeframe.

The average timeframe to issue deficiency letters at the division level in Texas, another jurisdiction with similar staffing levels and licensees, over a similar time period, is 14 days, compared to Florida's five days. Securities continuously looks for ways to improve the review process.

Securities holds a pre-registration conference with new investment adviser applicants to discuss registration maintenance, record keeping and compliance requirements after registration. 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 update current rules and violation trends to inform registrants so they can avoid common missteps or violations.

These efforts, coupled with industry outreach, and an industry newsletter provide state registered investment advisers helpful and useful information regarding its rules and regulations and common violations detected during examinations, promoting a stronger and safer investment advisory industry.

### **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.

As the sole regulator of investment advisers with up to \$100 million (an increase from the previous \$25 million) in assets under management. Securities determined it would be more prudent to examine all investment advisers domiciled in Florida on a five-year cycle. At present, Securities has approximately 1,767 investment advisory firms registered in Florida, with approximately 1,088 domiciled within the state. Since the implementation of the cycle examination program, the number of investment adviser examinations resulting in action has been approximately 17%. 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.

Now that the first five-year cycle has been completed the division has assessed the timeline for future investment adviser examinations. The division has determined that a seven-year cycle is appropriate which will continue to support the initiative of all investment adviser firms being examined on a cyclical basis. This change to a seven-year cycle will allow for adequate staff resources to conduct broker dealer, branch, associated person, and special initiative examinations when there is a determination of heightened risk or need.

The division has acquired data analytics software to assist in the identification of high risk activity, firms, and individuals; this acquisition will allow for improvement in the effectiveness and efficiency of our examination program. To the extent the division can improve its examination process, that improvement will translate into less disruption within any securities industry business, thus allowing them to provide more of their services to the Florida investor.

### **Improving Customer Service**

Lastly, Securities has reviewed its call-wait time trends and identified this as an opportunity to improve customer service. Call-wait times have decreased during the 2017-18 fiscal year from 34 seconds to 31 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.

## **Investment 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, 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 2009 through the first half of 2018 and a strong market usually helps to mask illegal activity. The BFI traditionally sees a spike in customer complaints and investigations in the time periods subsequent to a meaningful downward movement in the financial markets.

While modestly rising, interest rates continue to be at historic lows 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 recent case, brothers Joseph Rubbo and Nicholas Rubbo were sentenced to a combined 108 months in prison for their roles in various fraud schemes operated through their businesses VIP Television, Inc. and ANJ Productions, Inc. The Rubbos along with several co-conspirators defrauded investors out of more than \$6 million by making false statements and misrepresentations relating to securities offered and sold through their businesses. The material false statements made to potential and actual investors included unrealistically high returns, untrue proposed mergers, exaggerated demand for their products, and the existence of celebrity investors.



Joseph Rubbo was sentenced to serve 60 months in prison to be followed by three years of supervised release. He was also ordered to pay restitution of \$6,011,900 and to forfeit \$762,102. Nicholas Rubbo was sentenced to 48 months in prison to be followed by three years of supervised release. He was also ordered to pay restitution of \$6,011,900 and to forfeit \$707,580. All defendants in the case are jointly and severally liable for the payment of restitution.

Three other defendants in the case entered guilty pleas to one count of conspiracy and one count of money laundering and await sentencing.

This OFR investigation was initiated by information obtained from a confidential source. The OFR partnered with agents of the SEC, FBI and IRS CI in developing the case for prosecution. The case was prosecuted by the U.S. Attorney's Office in Denver, CO.

## **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 April 2018, the OFR filed an administrative complaint against six unregistered sales agents and their firms for selling the unregistered securities of Woodbridge Capital Investments, Inc. and other associated companies. The sales agents were accused of having sold investments offered by Woodbridge to more than 800 Florida investors who collectively invested more than \$100 million. Robert H. Shapiro, the company's president, utilized sales agents throughout the country to sell promissory notes purportedly backed by commercial mortgages which Woodbridge claimed to possess. These unregistered sales agents generally earned commissions in the range of 4% to 7% from each sale of the company's securities.

Investments in so-called "Woodbridge First Position Commercial Mortgages" (FPCMs) were touted as extraordinarily safe and promised interest in some cases of as much as 6% annually to investors. However, an SEC investigation supported by the OFR, revealed that many of these mortgages were of dubious value and much of the investors' funds were used by Shapiro not for the purchase of commercial real estate or mortgages, but to pay commissions to sales agents, to pay interest to established investors with newer investor monies, and for the purchase of luxury items such as cars, jewelry, country club memberships and expensive travel.

Collectively, the six unregistered sales agents and five companies named in the OFR's complaint were responsible for more than 3,300 violations of Florida's Investor Protection Act.

Two of the respondents, Barry Kornfeld and Andrew Costa, had already been barred from registration in the securities industry by the Financial Industry Regulatory Authority (FINRA) for issues unrelated to their Woodbridge sales activities.

In December 2017, the Woodbridge entities filed for Chapter 11 Bankruptcy protection in Delaware. That same month, the U.S. Securities and Exchange Commission (SEC) filed a complaint in U.S. District Court in Miami alleging Shapiro was running a ponzi scheme and had committed numerous violations of federal securities statutes.

The OFR identified close to 50 independent sales organizations operating in Florida that offered Woodbridge investments to residents of Florida. Administrative and potential civil enforcement action against these other sales agents is anticipated.

## **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 October 2017, three defendants (Charles Topping, Anita Sgarro and Charles Smigrod) were sentenced for their involvement in a fraudulent penny stock investment scheme which used telephone sales room operations to target investors throughout the United States. Topping was sentenced to serve 113 months in prison and ordered to pay restitution of \$22,466,186. Sgarro was sentenced to 116 months in prison and ordered to pay \$22,278,000 in restitution. Smigrod was sentenced to 48 months in prison and ordered to pay \$23,733,000 in restitution.

The boiler room operations, which were based in Miami Lakes, Florida and Marina Del Ray, California, caused investor losses totaling approximately \$23 million and involved the sale of stock in Sanomedics International Holdings, Inc. and Fun Cool Free, Inc. Sanomedics was purportedly engaged in the business of manufacturing infrared thermometers for dogs and Fun Cool Free purportedly developed gaming applications for smartphones.

Between 2008 and 2015, these individuals participated in boiler room operations targeting mostly elderly investors. Investigation revealed that investors were lured into making the investments through false representations. These representations included claims that the companies' products enjoyed celebrity endorsements, that there were no commissions being paid to the sales agents, and that ultra-wealthy individuals already owned the stock. In fact, around 90% of the proceeds obtained from investors were either

paid out as commissions to sales agents or otherwise misappropriated, there were no celebrity endorsements and stock ownership was the result of boiler room sales pitches aimed at those elderly investors without regard to their wealth.

This case was opened based on information obtained from confidential sources. As the case was further developed, the OFR coordinated efforts with the FBI, SEC and FINRA, with the FBI taking the role of lead investigative agency. The case was prosecuted by the U.S. Attorney's Office in Miami.

## **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 or have established relationships with them.

In June 2018, defendants Rebeca Gonzalez and Matthew Braun were arrested on charges of Organized Fraud, Securities Fraud, Selling Unregistered Securities, and the Sale of Securities by Unregistered Persons. The charges stem from their involvement in an alleged scheme to defraud six elderly Florida investors out of \$434,000 through an investment in a non-existent fish farm.

Investigation revealed that the defendants conspired to establish shell companies in South Dakota and Florida in order to facilitate the sale of unregistered, fraudulent securities to elderly victims. Gonzalez, Braun are corporate officers of Blue Ocean Farm, LLC, a South Dakota corporation, and Blue Ocean Farm, Inc. a Florida corporation.

From March 2013 through November 2014, Gonzalez is alleged to have solicited investments in Blue Ocean by personally visiting her victims at their homes. The victims were clients of Gonzalez with whom she had established relationships through a securities brokerage firm where she was previously employed. Five of the six victims were over the age of 65 at the time that the investments were made. Investors claim that both Gonzalez and Braun told them that their funds would be invested in "Blue Ocean Farm," a company which had purportedly developed advanced technologies for raising fish for food consumption, and guaranteed a return of 6% interest on a monthly basis. The pair also claimed that the investors' principal would be returned in three years.

Contrary to representations, however, financial records revealed that certain investor monies were deposited into a trading account held by Braun at Fidelity Investments. Investigation also revealed that the investors had no knowledge of the fact that their monies had been used by Braun or that he had lost most of it trading randomly in the markets. Financial records analysis also showed that Braun diverted investor funds into personal accounts belonging to himself, Gonzalez and these monies were spent by the defendants on personal expenditures.

Investigation found no evidence of investor funds being used to develop a fish farm. Moreover, Blue Ocean Farm Inc. did not hold any permits or licensure to conduct an aquaculture business in Florida.

This investigation was developed jointly with the Florida Department of Law Enforcement.

## **Consumer Finance Fraud**

### **Advance Fee for Loan Fraud**

Increases in lending criteria by financial institutions, while providing a benefit to the real economy, also creates 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 perpetrators taking the advance fees typically conceal their true identities and physical whereabouts. 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 May 2018, Barry Carl Vigoda and Catherine Mary Vigoda were arrested on charges of communications fraud and loan broker fraud.

The Vigodas were accused of assessing and collecting more than \$125,000 in advance fees from prospective borrowers on the promise of obtaining over \$200 million in business loans. Evidence obtained during the course of the investigation revealed that the loss to prospective borrowers both within and outside Florida was estimated at more than \$300,000. From July 2016 to June 2017, the Vigodas are alleged to have used a website called [www.gulfcoastmortgageservices.com](http://www.gulfcoastmortgageservices.com) to offer commercial loans to prospective borrowers via the internet. The website displayed "client testimonials" which claimed that Gulf Coast had obtained more than \$400 million in commercial loans and had more than \$450 million in loans pending.

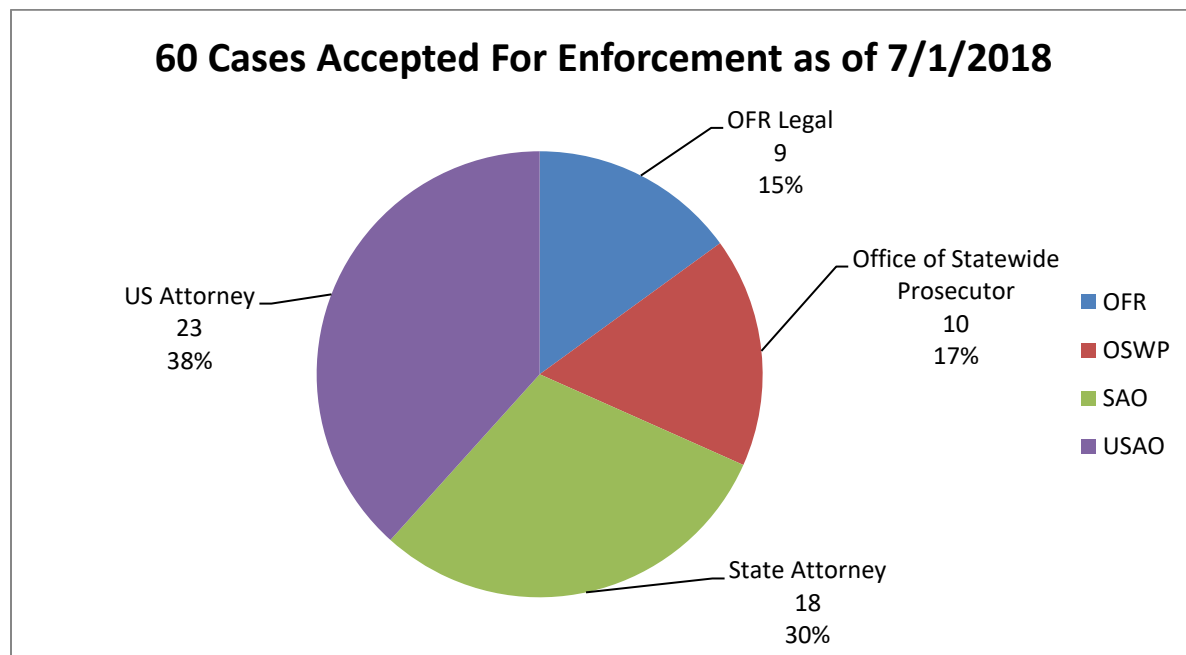
Gulf Coast maintained a virtual office in Fort Myers and a mail drop at a UPS store in North Fort Myers. The Vigodas are believed to have victimized over forty prospective borrowers throughout the U.S. and Canada, six of whom are believed to be Florida residents. No business loans or refunds have ever materialized.

The Lee County Sheriff's Office executed the arrest warrants and the case is being prosecuted by the Lee County State Attorney's Office.

### **Caseload**

As of July 1, 2018, BFI had 208 open cases. These investigations involve approximately 5,077 consumers and more than \$275 million dollars in alleged losses. The average investigator's caseload is approximately eight cases.

When an investigation substantiates a violation(s), the case is presented for criminal prosecution and/or to OFR attorneys for administrative or civil enforcement action. Historically, approximately 80% of investigations accepted for enforcement result in criminal, civil and/or administrative action. For the 2017-18 fiscal year, 82% of these types of cases resulted in enforcement action.



During FY 2017-18, BFI closed 160 cases. 87 of those cases were formal investigations, including 41 investigations where enforcement action was taken. These cases resulted in 14 administrative actions and 25 criminal actions. As a result of investigative work performed in these cases by the bureau, 69 criminal defendants were sentenced to a total of 216 years imprisonment and 318 years of probation.

### **Initiatives**

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 goal remains to have at least 80% of the cases it refers for action actually result in enforcement action.

# **Performance Measures and Standards – LRPP Exhibit II**

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

**Department of Financial Services**

**Department No.: 43**

**Financial Services Commission – Office of Financial Regulation**

**Code: 43900500**

**Approved Performance Measures for  
FY 2018-19**

**Approved  
Prior Year  
Standard  
FY 2017-18**

**Prior Year  
Actual  
FY 2017-18**

**Approved  
Standards  
for  
FY 2018-19**

**Requested  
FY 2019-20  
Standard**

**Safety and Soundness of State Banking System**

**Code: 43900530**

Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S.

100%

100%

100%

100%

Percentage of state financial institutions rating OFR high-performing.

97%

91.42%

97%

97%

**Financial Investigations**

**Code: 43900540**

**Primary Service Outcome:**

Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.

80%

82%

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%

88%

60%

60%



Approved Performance Measures for FY 2018-19	Approved Prior Year Standard FY 2017-18	Prior Year Actual FY 2017-18	Approved Standards for FY 2018-19	Requested FY 2019-20 Standard
<b>Executive Direction and Support Services</b>			<b>Code: 43900550</b>	
Program administration costs (including Office of Legal Services) as a percentage of total program costs	Less than 10%	6.9%	Less than 10%	Less than 10%
Program administration positions (including Office of Legal Services) as a percentage of total program positions.	Less than 10%	4.2%	Less than 10%	Less than 10%
<b>Finance Regulation</b>			<b>Code: 43900560</b>	
<b>Primary Service Outcome:</b> Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%
Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.	100%	100%	100%	100%
<b>Securities Regulation</b>			<b>Code: 43900570</b>	
<b>Primary Service Outcome:</b> Number of complex securities examinations completed	100	122	100	100
<b>Primary Service Outcome:</b> Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%

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



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

Training

Technology

Personnel

Other (Identify)

**Recommendations:**











# **Performance Measure Validity and Reliability – LRPP Exhibit IV**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Department of Financial Services**

**Program: Financial Services Commission – Office of Financial Regulation**

**Service/Budget Entity: 43900530 Safety & Soundness of State Banking System**

**Measure: Percentage of 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), Federal Reserve Bank (FRB), and the National Credit Union Association (NCUA).

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/NCUA 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 examination team 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, FRB, and NCUA 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 REAL.

**Recommendations:** Due to an agency realignment in priorities, this measure best represents the direction of the Bureaus and should be continued.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530 Safety & Soundness of State Banking System

**Measure:** Percentage of state financial institutions 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.  $\% = (\text{Number of responses that rated OFR as 1 or 2}) / (\text{Total number of responses})$ .

**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.

**Recommendations:** By removing the neutral answer, this measure now best represents the direction of the Division and should be revised accordingly.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Department of Financial Services**

**Program: Financial Services Commission – Office of Financial Regulation**

**Service/Budget Entity: 43900540 Financial Investigations**

**Measure: Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.**

**Action** (check one):

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

### **Data Sources and Methodology:**

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

When violations of law and/or administrative rules have been documented by evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Office, the Office of Statewide Prosecution, and the United States Attorney's Office. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted for Civil Action
- Case Accepted by Legal
- Case Accepted by OSWP
- Case Accepted by SAO
- Case Accepted by USAO

When an action is taken on cases accepted for enforcement, the investigator assigned will record the action in REAL.

Below are the REAL disposition codes used to track actions:

- Administrative Action Taken
- Civil Action
- Civil and Administrative Action
- Criminal Action
- Criminal and Civil Action
- Criminal, Civil & Administrative Action
- Criminal and Administrative Action

## Criminal Action – Fugitive

An investigation is closed when the investigator assigned, and the reviewing authority, deem all matters complete. The investigation is not closed until the final disposition of the administrative, civil or criminal case. REAL is updated and reviewed for completeness. With proper documentation made to the file, the matter is closed.

There are occasions where, due to circumstances outside the control of the Bureau and no matter how strong the investigative case is, the prosecutor is unable to file an enforcement action. Examples include:

- 1) Death of the offender or sole victim/key witness
- 2) Victim(s) refused to cooperate in the prosecution
- 3) Extradition of an offender was denied
- 4) Prosecution was declined for a reason other than lack of evidence, e.g., does not meet prosecutorial guidelines or priorities.

These cases will be closed with a disposition of “Exceptional Clearance” and will not be used when calculating this

**Calculation of Outcome Measure:** Cases closed as Exceptional Clearance are eliminated from the data pool for both the numerator and denominator. The percentage of investigative cases accepted for prosecution that result in enforcement action will be determined by: dividing 1) the total number of closed cases that result in action, by 2) the number of closed investigative cases that were accepted for prosecution during the review period.

**Data Source:** The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into this database as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data. Cases closed as Exceptional Clearance are removed from the data set prior to calculating the result.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted into alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures OFR's ability to conduct quality financial investigations which identify and sufficiently documents fraudulent activity under OFR jurisdiction and the Bureau's support to the prosecution.

Due to the circumstances surrounding cases that are closed with a disposition of Exceptional Clearance, the Bureau believes it is not appropriate to include these cases when calculating this outcome.

This Outcome measures ability to efficiently conduct quality financial investigations that are accepted by prosecutors for enforcement action and the Bureau's commitment to assist the prosecutors obtain a successful action.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

Ultimately, the decision to file administrative, civil or criminal action is outside the control of the Bureau and is impacted by the priorities and resources of the prosecutor. Many enforcement actions resulting from investigations conducted by the Bureau are complex and resource intensive. When presenting investigations for potential prosecution, the Bureau is committed to provide continued investigative resources or litigation support as needed.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Department of Financial Services**

**Program: Financial Services Commission – Office of Financial Regulation**

**Service/Budget Entity: 43900540 Financial Investigations**

**Measure: Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening**

**Action** (check one):

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

### **Data Sources and Methodology:**

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence to identify noncompliance or prove/disprove allegations and violations of the law and regulations within the jurisdiction of the Office of Financial Regulation.

**Investigation Start Date** – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is entered into REAL and assigned to an Investigator. At this point, a case priority is assigned. Factors used in making the priority determination include:

- 1) The egregiousness of conduct, including the length of time conduct occurred and whether recidivists were involved.
- 2) Whether the impact or potential impact to Florida Citizens is significant (i.e. due to the large number of victims, high dollar losses, or vulnerability of victims.
- 3) Whether the persons involved in the conduct are licensees or registrants
- 4) Whether the alleged illegal conduct is on-going
- 5) Whether the subject matter is an OFR/Division priority.

The codes established in REAL to track case priority are 1, 2 or 3 (1 being the highest). An Investigation will be deemed a "Priority" if the code is a 1 or 2.



When violations of law and/or administrative rules have been documented with evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Offices, the Office of Statewide Prosecution, and the United States Attorney's Office. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted for Civil Action
- Case Accepted by Legal
- Case Accepted by OSWP
- Case Accepted by SAO
- Case Accepted by USAO

The Bureau uses the REAL codes 1) Entered Date and 2) Activity Date to determine the number of months from case opening to case acceptance for prosecution.

**Calculation of Outcome Measure:** The percentage of priority investigations accepted by prosecutor or OFR Legal Counsel for enforcement action within 12 months of case opening will be calculated by: 1) The number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement within 12 months divided by 2) The total number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement during the review period.

**Data Source:** The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into these databases as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures our ability to conduct quality investigations which identifies and sufficiently documents fraudulent activity under OFR jurisdiction. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed, to facilitate a successful prosecution and enforcement result.

This Outcome measures our ability to conduct quality financial investigations, and have the investigation accepted for enforcement in a timely manner.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 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:**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Percentage of license applications processed within Administrative Procedures Act requirements

**Action** (check one):

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

**Data Sources and Methodology:** This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA, Section 120.60, Florida Statutes). The APA requires state agencies that process applications for licensure to notify applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency letter, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny any application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the year by the total number of applications processed during the year.

**Validity:** This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the industries regulated and consumers by providing a timely service to these entities and individuals.

**Reliability:** Data will be captured and reported quarterly. The Division tracks applications in the REAL System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** 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:** 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.



## 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.

# **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 2018-19		Associated Activities Title
1	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.
			Examine and enforce laws regarding international financial institutions to ensure safety and soundness
2	Percentage of state financial institutions rating OFR high-performing.		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
			Examine and enforce laws regarding international financial institutions to ensure safety and soundness

**43900540 - Financial Investigations**

Measure Number	Approved Performance Measures for FY 2018-19		Associated Activities Title
1	Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken		Conduct financial investigations into allegations of fraudulent activity
2	Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening		Conduct financial investigations into allegations of fraudulent activity

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

**43900560 - Finance Regulation**

Measure Number	Approved Performance Measures for FY 2018-19		Associated Activities Title
1	Percentage of license applications processed within Administrative Procedure Act requirements.		Evaluate and process applications for licensure as a financial services entity.
2	Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.		Examine and regulate money service businesses to ensure regulatory compliance.

**43900570 - Securities Regulation**

Measure Number	Approved Performance Measures for FY 2018-19		Associated Activities Title
1	The number of complex securities examinations completed.		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
2	Percentage of license applications processed within Administrative Procedure Act requirements		Evaluate and process application for registration as a securities firm, branch, and/or individuals.

## 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 DFS and the audit report, is found on subsequent pages.

ACTIVITIES * MEASURES	Number of Units	Unit Cost	Expenditures (Allocated)
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * <b>Examinations of non-depository financial service companies to determine compliance with regulations.</b>	203	23,393.80	4,748,942
Evaluate And Process Applications For Licensure As A Financial Services Entity. * <b>Applications processed or evaluated for licensure or registration as a non-depository financial services entity.</b>	21,224	98.16	2,083,271
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * <b>Number of domestic financial institutions examined to ensure safety and soundness.</b>	96	119,893.40	11,509,766
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * <b>Number of international financial institutions examined to ensure safety and soundness.</b>	9	87,467.89	787,211
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * <b>Number of financial investigations into allegations of fraudulent activity.</b>	160	23,793.80	3,807,008
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * <b>Examinations of money services businesses conducted to determine compliance with regulations.</b>	277	20,561.11	5,695,428
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * <b>Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees.</b>	242	24,995.90	6,049,007
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/or Individual. * <b>Securities applications processed for registration of firms, branch offices associated person and securities offerings.</b>	58,878	45.81	2,696,970

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2017-18			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			368,910,942	1,115,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			-7,268,019	0	
FINAL BUDGET FOR AGENCY			361,642,923	1,115,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					1,115,000
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.		3,644	110.61	403,054	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		59,947	18.07	1,083,370	
Investment Of Public Funds * Dollar Volume of Funds Invested		23,300,000,000	0.00	941,191	
Provide Cash Management Services * Number of cash management consultation services.		55	24,663.73	1,356,505	
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	0.75	2,089,465	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,785,504	1.03	1,837,778	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		35,521	132.11	4,692,638	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,238,210	0.08	782,106	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		309,815	25.64	7,942,380	
Process State Employees Payroll * Payroll payments issued		3,091,848	0.65	1,998,716	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		12	7,050.50	84,606	
Conduct Fiscal Integrity Investigations *		24	34,419.67	826,072	
Article V - Clerk Of The Courts * N/A		6	74,401.50	446,409	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,476,111	1.28	3,165,583	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		623,408	5.60	3,489,492	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,089	71.74	580,332	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,726	273.95	4,308,213	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		343	1,689.98	579,664	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		538	1,179.51	634,575	
Investigate Fires Accidental, Arson And Other *		3,488	4,367.39	15,233,460	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		233,621	9.71	2,269,331	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,993	122.97	1,105,902	
Provide Forensic Laboratory Services *		8,419	164.11	1,381,612	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		21,817	1,915.21	41,784,046	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		6,196	2,619.33	16,229,373	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		3,387	867.97	2,939,801	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.(top 3 agencies)		111	23,160.91	2,570,861	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		21	25,391.81	533,228	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		133,455	20.77	2,772,123	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		49,370	31.69	1,564,621	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,886,595	0.43	812,681	
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		241,324	1.79	432,464	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,533	1,288.55	5,841,017	
Investigate Insurance Fraud (general) *		1,857	11,276.61	20,940,670	
Investigate Workers' Compensation Insurance Fraud *		312	11,036.76	3,443,468	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		65,580	67.00	4,393,812	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		470,327	1.43	673,922	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		297,127	16.72	4,968,131	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,587	1,691.34	2,684,152	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		94,992	47.53	4,515,169	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		28,790	508.69	14,645,215	
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.		833	6,163.94	5,134,558	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,669	854.87	1,426,782	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		121,431,103	0.01	720,742	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		6,710,138	0.58	3,876,669	
Reimbursement Disputes * Number of petitions resolved annually		3,912	424.38	1,660,189	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		4,683	1,519.41	7,115,380	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority (COAs) processed.		125	7,966.02	995,752	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		384	8,641.30	3,318,259	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,624	1,918.14	16,541,997	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		12,654	702.29	8,886,755	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		203	23,393.80	4,748,942	
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.		21,224	98.16	2,083,271	
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.		96	119,893.40	11,509,766	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		9	87,467.89	787,211	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		160	23,793.80	3,807,008	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		277	20,561.11	5,695,428	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conduct examinations of securities firms and branches.		242	24,995.90	6,049,007	
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.		58,878	45.81	2,696,970	
TOTAL				276,031,904	1,115,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				40,038,301	
REVERSIONS				45,572,709	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				361,642,914	1,115,000

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

- (1) Some activity unit costs may be overstated due to the allocation of double budgeted items.  
(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.  
(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.  
(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

AUDIT #1: THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

AUDIT #2: 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 \*\*\*

AUDIT #3: THE ACTIVITIES LISTED IN AUDIT #3 DO NOT HAVE AN ASSOCIATED OUTPUT STANDARD. IN ADDITION, THE ACTIVITIES WERE NOT IDENTIFIED AS A TRANSFER-STATE AGENCIES, AS AID TO LOCAL GOVERNMENTS, OR A PAYMENT OF PENSIONS, BENEFITS AND CLAIMS (ACT0430). ACTIVITIES LISTED HERE SHOULD REPRESENT TRANSFERS/PASS THROUGH THAT ARE NOT REPRESENTED BY THOSE ABOVE OR ADMINISTRATIVE COSTS THAT ARE UNIQUE TO THE AGENCY AND ARE NOT APPROPRIATE TO BE ALLOCATED TO ALL OTHER ACTIVITIES.

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	301,447	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	643,904	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,429,331	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	845,464	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	5,677,444	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,478,123	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	1,946,223	
43300500	1202000000	ACT3440	PASS-THROUGH GRANTS AND AIDS LOCAL	97,022	
43300500	1202000000	ACT3520	FIRE INCIDENT REPORTING	244,733	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	1,000,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,251,070	
43700400	1205000000	ACT5510	HURRICANES AND OTHER NATURAL	2,011,304	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,892,547	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	969,689	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

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AUDIT #4: TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	361,642,923	1,115,000
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	361,642,914	1,115,000
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DIFFERENCE:	9	
(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

Administrative Procedures Act, Chapter 120, Florida Statutes

Baseline data – indicators of a state agency’s current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees

BFI – Bureau of Financial Investigations, a criminal justice agency housed within the Office of Financial Regulation

BR – Board Resolution of a financial institution

BRR – Bureau of Regulatory Review-Finance

BSA – Bank Secrecy Act of 1970 – requires financial institutions to keep records of cash purchases of negotiable instruments and file reports of such cash purchases of more than \$10,000 daily to detect and prevent money laundering

Budget entity – a unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. “Budget entity” and “service” have the same meaning

C&D – Cease and Desist Order – formal enforcement order issued after notice and opportunity for hearing, requiring a person to terminate unlawful practices

CFE – Certified Fraud Examiner – designation given by the Association of Certified Fraud Examiners which denotes proven expertise in fraud prevention, detection and deterrence

CFPB – Consumer Financial Protection Bureau established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 – a federal agency which will hold primary responsibility for enforcing federal laws and regulating consumer protection in the United States

CFTC – Commodities Futures Trading Commission – independent agency of the United States government that regulates futures and option markets

Check casher – a person who receives compensation for exchanging currency for payment instruments

CFO – Chief Financial Officer

CL – Commitment Letter

CRD – Central Registration Depository – computerized database that provides information on securities dealers, sales representatives, and supervisory personnel. This national database is compiled from application forms, exchange-developed tests, reported enforcement actions, and related information. The Financial Industry Regulatory Authority (FINRA) owns the CRD system and its facilities, operating them on behalf of state and federal regulators and other users

CSBS – Conference of State Bank Supervisors – national organization of state banking regulators. This organization, in conjunction with the American Association of Residential Mortgage Regulators (AARMR), owns and manages the Nationwide Mortgage Licensing System (NMLS)

Consumer finance company – company **that** loans to consumers in an amount less than \$25,000 with maximum interest rates between 18% and 30% per annum

Correspondent mortgage lender – company permitted to broker and make mortgage loans, and service loans for others for a limited time period. They are authorized to originate mortgage loans and close loans in their name, and may broker mortgage loans to other lenders

Consumer collection agency – **company that collects or attempts** to collect consumer debts, which are owed or due to another person. They may also collect third party commercial debts as long as less than one-half of the collection revenue is from the collection of commercial claims

Commercial collection agency – company that collects or solicits collections on commercial claims owed or due to another person

De novo bank – a newly chartered bank

DFI – Division of Financial Institutions within the Office of Financial Regulation

DFS – Department of Financial Services – provides administrative and information systems support to the Office of Financial Regulation

Dodd-Frank Act – Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

DOGI – Division of Financial Institutions' Database of General Information

DOR – Document of Resolution

DPP – Deferred Presentment Provider – an entity that engages in deferred presentment transactions (commonly referred to as payday loans) and is registered under Part II or Part III of the Money Transmitter Code and has filed a declaration of intent with the Office

EOG – Executive Office of the Governor

Estimated Expenditures – includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills

FAC – Florida Administrative Code

Fannie Mae – Federal Nation Mortgage Association – a government sponsored enterprise founded in 1938 (publicly traded company since 1968) to expand the secondary mortgage market

FDIC – Federal Deposit Insurance Corporation – independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system

FHFA – Federal Housing Finance Agency – the regulator and conservator of Fannie Mae (Federal Nation Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) and the regulator of the 12 Federal Home Loan Banks

FINRA – Financial Industry Regulatory Authority, formerly known as the National Association of Securities Dealers (NASD) – a Self Regulatory Organization (SRO) of broker/dealers. All securities firms, stockbrokers, and registered representatives doing business with the American public must register with FINRA

Freddie Mac – Federal Home Loan Mortgage Corporation – public government sponsored enterprise created in 1970 to expand the secondary market for mortgages

FS – Florida Statutes

FSAIF – Florida Seniors Against Investment Fraud – made possible in part from a grant by the Investment Protection Trust. This is a statewide outreach program, developed by

Seniors vs. Crime and the Florida Office of Financial Regulation, created to help Florida's seniors avoid becoming the victims of financial fraud. The program's primary goals are to educate Florida seniors over the age of 50 about investment fraud and to help Florida seniors avoid being victimized

FSC – Financial Services Commission – composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture

FSOC – Financial Stability Oversight Council – created under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to identify and respond to emerging risks throughout the financial system

FTC – Federal Trade Commission – independent agency of the United States government established in 1914 to promote consumer protection and eliminate and prevent harmful anti-competitive business practices

FTE – Full Time Equivalent

FY – Fiscal Year

GAA – General Appropriations Act

GAO – Government Accountability Office – the audit, evaluation and investigative arm of the US Congress

GDP – Gross Domestic Product – all goods and services produced or exchanged

GR – General Revenue Fund

HOPE NOW Alliance – an alliance of housing counselors, mortgage servicers, investors, and other mortgage market participants to maximize outreach to efforts to at-risk homeowners and help them stay in their homes

HUD – Federal Department of Housing and Urban Development

IA – Investment adviser – individual or firm who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities

IARD – Investment Adviser Registration Depository – computerized database which provides information on investment adviser firms, investment adviser representatives, and supervisory personnel. This national database is owned by the FINRA and its facilities are operated on behalf of state and federal regulators and other users

IG – Inspector General

Indicator – a single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure”

Information technology resources – includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training

Input – see Performance measure

Investment advisers – individuals who give advice about securities including stocks, bonds, mutual funds, and annuities. They may use a variety of titles including investment manager, investment counsel, asset manager, wealth manager, and portfolio manager. They provide ongoing management of investments based on the client’s objectives, typically with the client giving discretionary authority to make decisions without having to get prior approval for each transaction. Generally, an investment adviser’s compensation is considered to be a “fee”

IPT – Investor Protection Trust – a nonprofit organization devoted to investor education. Its primary mission is to provide independent, objective information needed by consumers to make informed investment decisions and serves as an independent source of non-commercial investor education materials

IT – Information Technology

LBC – Legislative Budget Commission – a standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature

LBR – Legislative Budget Request – a request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform

Loan modification – a permanent change in one or more of the mortgagor’s loan terms

Loan originator – an individual who, directly or indirectly, solicits or offers to solicit a mortgage loan, accepts or offers to accept an application for a mortgage loan, negotiates or offers to negotiate the terms or conditions of a new or existing mortgage loan on behalf of a borrower or lender, processes a mortgage loan application, or negotiates or offers to negotiate the sale of an existing mortgage loan to a non-institutional investor for compensation or gain

Loan servicing – the collection for an investor of periodic payments of principal, interest, taxes and insurance in accordance with the terms of a note or mortgage

LUA – Letter of Understanding and Agreement

LRPP – Long-Range Program Plan – a plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance

Money transmitter – a person who sends funds, either by wire, facsimile, electronic transfer, courier or other means

Mortgage broker – a person conducting loan originator activities through one or more licensed loan originators employed by the mortgage broker or as independent contractors to the mortgage broker

Mortgage brokerage business – a company that arranges mortgage loans for a borrower, accepts loan applications, and negotiates terms and conditions of a mortgage loan on behalf of a lender on real estate located in Florida. A mortgage broker business may only use licensed mortgage brokers to solicit or negotiate loans on its behalf

Mortgage lender – a company that brokers, makes, and services loans for others on Florida real estate. They function similarly to a correspondent mortgage lender, however, they may sell loans to non-institutional investors and service loans indefinitely for consumers

MOU – Memorandum of Understanding

MSB – Money Services Business – any person located or doing business in the State who acts as a payment instrument seller, foreign currency exchanger, check casher or money transmitter

Narrative – justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed

NASAA – North American Securities Administrators Association – the organization of US state and Canadian provincial and territorial securities regulators

NASCUS – National Association of Credit Union Supervisors – an association of professional regulators made up of the 47 state governmental agencies that charter, regulate and examine state-chartered credit unions

NASD – National Association of Securities Dealers – now known as the Financial Industry Regulatory Association (FINRA)

NCUA – National Credit Union Association – independent federal agency that regulates, charters and supervises federal credit unions. NCUA operates and manages the National Credit Union Share Insurance Fund

NMLS – Nationwide Mortgage Licensing System – national mortgage licensing system being developed by the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). Use of the system is required under federal law and is intended to provide uniform license applications and reporting requirements for State licensed loan originators; provide a comprehensive licensing and supervisory database; improve the flow of information to and between regulators; provide increased accountability and tracking of loan originators; enhance consumer protection; and support anti-fraud measures

Non-recurring – expenditure or revenue which is not expected to be needed or available after the current fiscal year

NSMIA – National Securities Market Improvement Act of 1996

OCC – Office of Comptroller of the Currency – charters, regulates and supervises all national banks and federal savings associations, as well as branches and agencies of foreign banks

OCO – Operating Capital Outlay

OIR – Office of Insurance Regulation

OFR – Office of Financial Regulation

OPB – Office of Policy and Budget, Executive Office of the Governor

OPS – Other Personal Services

OTS – Office of Thrift Supervision – now part of the Office of Comptroller of the Currency

Outcome – see Performance measure

Output – see Performance measure

Outsourcing – describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission

Payment instrument seller – a company qualified to do business in this state that sells or issues checks, drafts, warrants, money orders, traveler’s checks, electronic instruments, other instruments, payment of money of monetary value whether or not negotiable

Payday lenders – common name for companies registered as Deferred Presentment Providers under Part IV of Chapter 560, Florida Statutes

Performance measure – a quantitative or qualitative indicator used to assess state agency performance

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services
- Outcome means an indicator of the actual impact or public benefit of a service
- Output means the actual service or product delivered by a state agency

Policy area – is a grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code

Privatization – occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service

Program – a set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word “Program.” In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. “Service” is a “budget entity” for purposes of the LRPP

Program component – an aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting

REAL System – Regulatory Enforcement and Licensing System – a comprehensive system which provides OFR with an integrated financial regulatory management system by combining core processes for fiscal, licensing, investigations, examination, legal and complaint functions – initial funding for the project was granted in Fiscal Year 2006-07 and the System was completed in January 2009 on time and within budget

Reliability – the extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use

S.A.F.E. Mortgage Licensing Act – Secure and Fair Enforcement in Mortgage Licensing Act of 2008 – major federal housing reform legislation (Public Law 110-289) designed to



prevent foreclosures, stabilize the declining housing market, and reform the government-sponsored enterprises Fannie Mae and Freddie Mac

SBA – State Board of Administration – manages the pension funds for current and retired Florida employees, as well as school districts and state and local government entities. The SBA is governed by the Board of Trustees, made up of the governor, chief financial officer and attorney general

SEC – United States Securities and Exchange Commission – federal agency which holds primary responsibility for enforcing the federal securities laws and regulating the securities industry, the nation's stock and options exchanges, and other electronic securities markets in the United States

Service – see Budget Entity

SRO – self regulatory organization – an organization that exercises some degree of regulatory authority over an industry or profession

Standard – the level of performance of an outcome or output

SWOT – Strengths, Weaknesses, Opportunities and Threats

TCS – Trends and Conditions Statement

TF – Trust Fund

Unit cost – the average total cost of producing a single unit of output – goods and services for a specific agency activity

USA PATRIOT Act – Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act

Validity – the appropriateness of the measuring instrument in relation to the purpose for which it is being used

WA – Written Agreement