



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

October 14, 2016

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

Tim Sadberry, Deputy Staff Director  
Senate Committee on Appropriations  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Legislative Budget Request 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 proposed needs for the 2017-18 Fiscal Year. This submission has been approved by Jeff Atwater, Chief Financial Officer.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Atwater".

Jeff Atwater  
Chief Financial Officer

JA:tjm



## OFFICE OF INSURANCE REGULATION

**DAVID ALTMAIER**  
COMMISSIONER

**FINANCIAL SERVICES  
COMMISSION**

**RICK SCOTT**  
GOVERNOR

**JEFF ATWATER**  
CHIEF FINANCIAL OFFICER

**PAM BONDI**  
ATTORNEY GENERAL

**ADAM PUTNAM**  
COMMISSIONER OF  
AGRICULTURE

October 14, 2016

Cynthia Kelly, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, FL 32399-0001

JoAnne Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, FL 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 Legislative Budget Request 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 proposed needs for the 2017-18 Fiscal Year. I have approved this submission as the Insurance Commissioner of the state of Florida.

Sincerely,

  
David Altmaier



# Florida Office of Insurance Regulation

David Altmaier  
Insurance Commissioner

## Legislative Budget Request

Fiscal Year 2017-2018



October 14, 2016

## Objective

The purpose of this Legislative Budget Request is to fund a comprehensive staffing plan for the Office of Insurance Regulation (Office) to reduce the embedded costs of turnover, recruit and retain highly qualified insurance professionals, and enhance operational efficiency.

This comprehensive staffing plan:

- Maintains the current number of authorized positions
- Does not affect General Revenue of the State
- Requires no increase in fees or taxes
- Results in minimal increase in the Office's overall budget
- Provides the resources necessary to adapt to an increasingly complex insurance environment

The Office has a staff with outstanding credentials. We are a small agency, with 292 authorized positions. Roughly half are filled with employees holding business degrees in accounting, finance, economics, or risk management who work in concert with our strong team of actuaries and lawyers. Although we are administratively housed by the Department of Financial Services (DFS) for infrastructure, hardware, and security of our information systems, the Office designs and manages many of the applications necessary for the collection of significant amounts of data critical to effectively monitoring our highly technical insurance industry. Accomplishing these tasks requires us to attract and retain people who are capable of handling rate and form filings, financial statement reviews, and data collection and analysis. In conjunction with these activities, we must also manage vendors who develop new computer applications, and keep applications running properly and reasonably current.

In evaluating the costs of turnover in our current personnel structure, it becomes apparent that the embedded cost of turnover is real. The staffing plan is designed to reduce these embedded costs through adequate funding of positions that are fundamental to effective insurance regulation.

## A Competitive Market for Talent

In an environment of changing and innovative markets, the Office must not simply attract talent, but also retain it. Therefore, to take our team to the next level and keep pace with our vibrant and dynamic Florida marketplace going forward, it is critical that we address some of the staffing challenges facing the Office.

The base salaries for some positions have not changed since the creation of the Office in 2003. The result is that it takes more "rate" to fill a position at a competitive level over time. The Office has a sufficient number of positions absent any major event or legislative change. The central problem we face is high turnover and vacancy rates in several areas that need to be addressed. Additionally, the salary scale needs to stay current to attract and retain people with the level of education, training, and enthusiasm necessary to continue to build upon our success.

With the significant competition that exists for the type of talented staff members employed at the Office, the challenge of minimizing the cost of operations without compromising output or efficiency is growing more difficult. For example, the Office utilizes people with accounting and financial degrees to review insurance company financial statements. The Office can attract entry level accountants directly from

college. However, accountants in the private sector increase their incomes significantly after only a few years of experience (Table 1 and 2).

Table 1

<b>Accountants: Financial Reporting</b>			
	Large Companies	Min	Max
	1 to 3 years	\$68,000	\$86,500
	Senior	\$90,250	\$112,500
	Manager	\$113,500	\$154,250
Midsize Companies			
	1 to 3 years	\$65,750	\$78,750
	Senior	\$80,750	\$103,000
	Manager	\$102,000	\$133,750
Small Companies			
	1 to 3 years	\$62,250	\$76,500
	Senior	\$76,000	\$92,500
	Manager	\$92,250	\$116,500

Robert Half 2016 Salary Guide for Accounting & Finance Professionals

Table 2

<b>Office Accountants</b>	
Financial Examiner Analyst II	\$38,660
Reinsurance Financial Specialist	\$40,948

Unfortunately, accountants are only one example of the reduction in competitive position the Office faces in retaining talent. Over time, the Office trains talent that, often sooner rather than later, moves to the private sector with a skill set honed—and financed—by the Office.

## An Analysis of the Internal Cost of Loss and the Potential for Long-Term Gains

While salary levels provide an easily quantifiable approach to operational cost assessment, there are other embedded costs to employing a staff. Obviously, a simple breakdown of the employment process would be the time Office staff spends on employee acquisition activities, basic training, and advanced development. These are the critical steps to producing employees with the skills necessary to be contributing members of a regulatory team that works in such a complex industry as insurance.

The standard expectation when employing a staff is that, although the costs can be significant, front-loaded embedded costs of development can be amortized over time through increased and prolonged employee productivity. However, the Office experiences a level of churning that does not allow these costs to be “paid down” over time. The result is that these embedded costs—and the inevitable loss of efficiency that accompanies high turnover rates—do not get amortized; instead, they tend to accumulate on remaining staff. In effect, it works in a similar fashion to compounding debt that is not being fully serviced.

In an effort to better understand these embedded costs of turnover and more accurately quantify what positions are actually costing from a more holistic perspective, the Office conducted a broad survey of supervisory staff and performed a standard summary analysis of the results. The results illustrate an opportunity for the Office to make strides to not only be more competitive, but use this competitive position to enhance efficiency and make operational progress that could underpin organizational growth in function for years into the future.

The first aspect of the embedded costs of employment assessed in the survey was the labor cost of training new staff members. This measure was designed to include the time supervisors spent in acquisition activities, training activities, as well as the time support staff customarily spends training new staff members. Below, in Table 3, we can see the average hours spent by both supervisory and non-supervisory staff in acquisition and training activities and the average costs of these activities per new hire. Additionally, Table 3 illustrates a reasonable range that might be included based on sample size.

Table 3

Cost of Training per New Employee	Average	90% C.I.	
		Lower	Upper
<b>Total supervisor cost per new employee</b>	<b>\$4,898</b>	<b>\$3,146</b>	<b>\$6,650</b>
Total supervisor hours spent on acquiring and training	122	76	169
<b>Total other trainer costs</b>	<b>\$3,369</b>	<b>\$2,034</b>	<b>\$4,704</b>
Hours other employees spend training a new employee	121	68	174
<b>Total labor cost to train a new employee</b>	<b>\$7,794</b>	<b>\$5,213</b>	<b>\$10,376</b>

*90% C.I. indicates a 90% confidence interval of the mean*

In the table above, the average cost of acquisition and training of each new employee is \$7,794. While this number is significant enough to indicate the potential for gains from reducing turnover, it is a portion of the picture. When looking further into these embedded costs it becomes even more clear that we are adding to our costs with the offset loss of output from the process of training and developing a new employee to a level commensurate with the person they replaced.

In Table 4 we can see the results of our survey in terms of cost, per employee, in reaching certain milestones of experience and functionality. In this table we used the average new employee compensation for the periods for the three separate milestones of first independent output, functional autonomy, and advanced development (14, 37, and 81 weeks respectively according to our survey results).

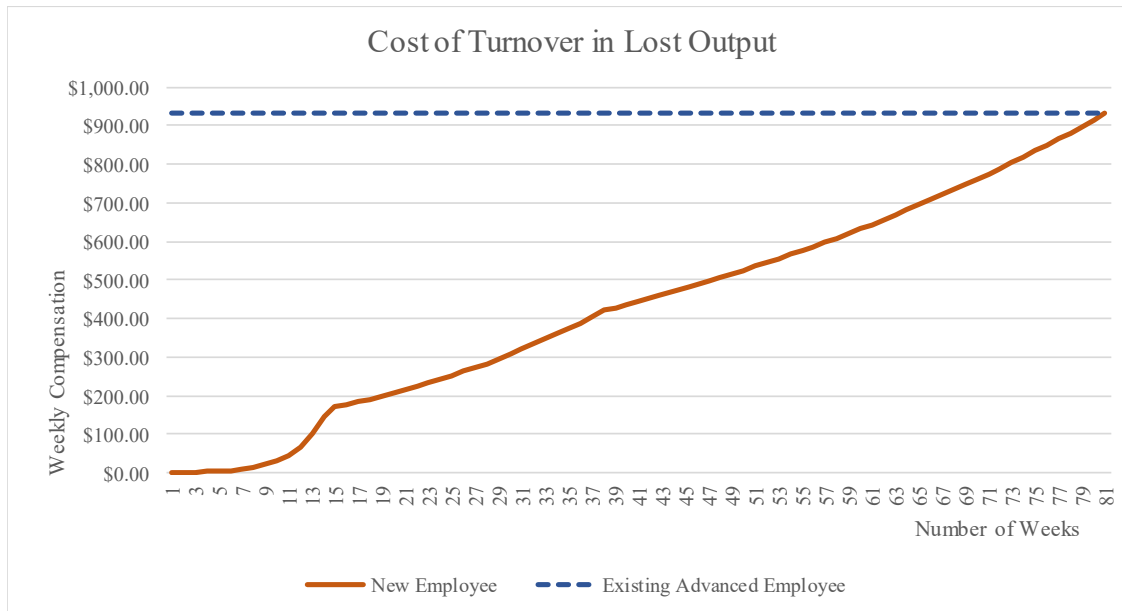
Table 4

Cost to Different Stages in Employee Development	Average	90% C.I.	
		Lower	Upper
<b>Cost of a new employee to initial independent output</b>	<b>15,081</b>	<b>12,168</b>	<b>17,994</b>
Length of time (in weeks) for initial independent output	14	11	16
<b>Cost of an autonomous new employee</b>	<b>40,050</b>	<b>31,091</b>	<b>49,010</b>
Length of time (in weeks) to autonomy	37	29	46
<b>Cost of an advanced new employee (with Training)</b>	<b>87,019</b>	<b>70,346</b>	<b>103,691</b>
Length of time (in weeks) for employee to handle difficult tasks	81	69	93

*90% C.I. indicates a 90% confidence interval of the mean*

The total costs to the Office at the estimated rate of compensation for new employees is \$15,081 to achieve first independently produced output, \$40,050 to achieve functional autonomy, and \$87,019 to achieve the skills necessary to be able to handle more difficult tasks (referred to as an advanced employee). However, if we phase the periods of development by proportion of time to get an employee with advanced training and development an additional layer of cost materializes. Figure 1 below highlights that developing level of proportional output compared to a similarly compensated employee that already has an advanced skillset.

Figure 1



As we can see, when we distribute expected output of a new developing employee to that of an experienced, identically compensated, existing employee with advanced skills what we see is output deficiencies that result in loss of long-range operational effectiveness for the Office. If, during this average 81-week development period, the existing employee would have been retained, the output to the Office would have been significantly higher. Assuming that the compensation roughly equals output, the Office would have expected \$75,524 worth of output for this position. Conversely, the new employee, using proportional increases in output that is consistent with survey responses, created only \$35,036 in output. This is the loss to efficiency that the Office experiences in an average turnover situation. Consequently, not only does the Office incur the cost of getting a newly hired employee from week 1 to week 81 of \$87,019, but we must consider the value of the output deficiency of \$51,983 from that new employee being unable to produce output equal to total cost (Table 5).

Table 5

Comparison of 81-Week Development			
	Total Cost	Output	Output Deficiency
Existing Employee	\$75,524	\$75,524	\$0
New Employee*	\$87,019	\$35,036	\$51,983
Combined costs to replace existing employee = Total Direct Cost + Output Deficiency			\$139,002

\*Includes the cost to train.

Ultimately, we could reasonably estimate the cost of replacing an average lost employee with well-developed skills at \$139,002. Over the average 81-week period we would have paid our existing average employee just \$75,524 while their total value, when including replacement costs, is actually \$139,002 (Table 5). When we consider that the survey indicated that the average employee leaves the Office for an estimated additional compensation of \$22,029 annually, we can see an opportunity for not only retention gains for well under the relative value with consideration of replacement costs, but also efficiency gains going forward that will lay the foundation for managing Office growth. Beyond these “first generation” gains in output and labor efficiency, the Office would likely reap “second generation” gains due to supervisors and ancillary staff having reduced training responsibilities.

The Office does not expect the State to increase salaries to meet the salary scale of the private sector, but salaries need to be more competitive to attract and retain the best employees. It would appear from the survey results that the increased ability to attract and—most importantly—retain good talent will reasonably benefit the Office from a budgetary perspective as well as from an operational one.

This appears to be supported when we look at turnover rates from January 1, 2013 to August 31, 2016 (Table 6). The significant levels of turnover in several positions during this small window of time underscores the discussion. As Office compensation increases relative to market values, turnover tends to decrease. In positions where an employee of the Office receives a smaller percentage of market value (e.g. Actuarial Analyst or Senior Actuarial Analyst) the turnover rate is significantly higher.

Table 6<sup>1</sup>

<b>Turnover Rate - Period of January 1, 2013 through August 31, 2016</b>	
	<b>Turnover Rate</b>
<b><i>P&amp;C &amp; L&amp;H Product Review</i></b>	
Actuarial Analyst	56.3%
Senior Actuarial Analyst	22.2%
Actuary	8.3%
<b><i>P&amp;C Financial Oversight</i></b>	
Insurance Examiner (Pay Grade 22)	53.3%
Financial Examiner/Analyst II (Pay Grade 23)	57.1%
Reinsurance/Financial Specialist (Pay Grade 24)	80.0%
Financial Specialist (Pay Grade 25)	0.0%
<b><i>L&amp;H Financial Oversight</i></b>	
Insurance Examiner (Pay Grade 22)	60.9%
Financial Examiner/Analyst II (Pay Grade 23)	22.2%
Reinsurance/Financial Specialist (Pay Grade 24)	28.6%
Financial Specialist (Pay Grade 25)	40.0%
<b><i>Legal</i></b>	
Senior Attorney	32.3%

This turnover response to lower relative salaries at these positions results in additional costs to the Office that exceed that of increasing the salaries themselves. Keeping in mind that the summary analysis of the survey responses indicates that the actual cost of maintaining an employee (using the 81-week development period as a guide) is roughly 54% of the cost of replacing one, a small increase in pay to

<sup>1</sup> Source is PeopleFirst System and includes departures, retirements, and promotions.



bring salaries even closer to the market would reasonably yield a long-run savings on labor inputs. This is without consideration of—due to the inability to quantify it—any increases the effectiveness of labor previously devoted to greater levels of training and development that could be put towards a more efficient use.

## Operational Objectives

The Office is a very small agency, and therefore the “rate” balance can be a real constraint in hiring. Base salaries need to be higher to fill positions without compromising on the qualifications of applicants. If base salaries for the positions were closer to actual market rates, retention would improve and the rate balance from year-to-year would be more stable. At the end of the day, the Office could remain the same size, but with realistic starting salaries associated with each position. It is important to keep in mind that the changes we are requesting would not increase our budget by a significant amount. Additionally, since the Office is funded exclusively from the Insurance Regulatory Trust Fund, which is created from fees and taxes paid by insurers and agents, there is no impact on General Revenue. The fees that insurance companies pay have not been increased in many years, and the Office is not advocating increases. Therefore, the source of funds is already available, and this change would make our staffing and operations much more efficient.

## Actuarial Staffing Proposal

The Office is responsible for monitoring the financial condition of licensed entities operating in Florida. Part of this monitoring is performed by a team of actuaries. Actuarial positions are critical due to the important and complex responsibilities that they perform. In the Property and Casualty business unit, actuaries perform actuarial calculations to determine whether property and casualty rate revision requests are excessive, inadequate, or unfairly discriminatory. Property and casualty actuaries review rates not only for homeowner’s insurance, but also for automobile insurance, worker’s compensation and other personal lines products which have a direct impact on Florida families and businesses. Actuaries analyze statutorily required data and statistics to ensure that rate filings are made in compliance with state insurance laws and actuarial standards. And just as importantly, actuaries perform detailed reserve analyses as a tool to monitor the financial condition of property and casualty insurers doing business in Florida. In addition, they evaluate the impact of legislative changes, review proposed legislation, and make recommendations for revisions of state statutes and administrative rules.

Property and casualty forms and rates have increased in complexity over the years with the advent of new products, the use of big data, the sharing economy, private flood insurance, third-party claims, and other emerging trends which require thoughtful review. Despite an increasing workload, the Office is committed to analyzing and reviewing all property and casualty rate filings within 90 days.

### ➤ Additional Property and Casualty Actuary

The Office has 7 property and casualty actuaries, with an average salary of \$131,501.76. To continue to meet the 90-day review commitment, and to address the increasing complexity of property and casualty insurance forms and rates, our staffing plan requests the allocation of an additional property and casualty actuary for the Office at a salary of \$140,000.

➤ Increase in Base Salary for Actuaries; Reclassification of 8 Actuaries to Senior Actuary

The staffing plan does not call for higher salaries for these 8 actuarial positions. Rather, it requests an increase in the base salary of these positions, which will reduce the amount of rate used and foster increased rate stability. The proposed adjustment would also provide a career path and progression for actuaries at the Office which will improve retention. Because so much rate is exhausted in the process of attracting and retaining actuaries, rate available for other Office positions is limited. If the base salary for an actuary could be adjusted to a level that is realistic as a starting salary for an actuary, it would reduce the rate needed to actually fill one of these positions. The Office is proposing a new classification of Senior Actuary with a base salary of \$95,000 and the reclassification of 8 (5 in Property & Casualty and 3 in Life & Health) of our 12 actuaries to Senior Actuary. With the reclassification of these 8 positions, this will add \$20,131 to the starting base salary of the Senior Actuary position.

➤ Reclassification of 8 Positions to Senior Actuarial Analyst

Monitoring the financial solvency of insurers doing business in Florida is one of the primary functions of the Office. Solvency oversight is becoming more complex, prompting heightened attention to insurer reserving practices and fueling a demand for additional actuarial support.

The final element of the actuarial staffing proposal is to reclassify 8 positions to Senior Actuarial Analyst. Actuarial Analysts and Senior Actuarial Analysts provide critical support for the actuaries in our business units. These analysts perform actuarial calculations to assess rate reasonability and assist the actuaries in determining if filings are in compliance with relevant statutes, rules, and procedures. Actuarial analysts also provide support and review of insurer reserves to evaluate reserve adequacy. Other responsibilities include collecting, analyzing, and reviewing statutorily required reporting forms for compliance with legislative requirements.

The base salary for an Actuarial Analyst (\$32,697) and Senior Actuarial Analyst (\$46,381) is slightly more than half of the market average (\$57,500 and \$72,000 respectively).<sup>2</sup> The typical entry level analyst candidate at the Office is a college graduate with zero years of experience. Our typical Senior Actuarial Analyst has 1-3 years of experience along with having passed 1-3 exams required for designation as an actuary. Senior Actuarial Analyst positions are in high demand in the market due to changing market dynamics, including the implementation of new regulations and rates brought about by the Affordable Care Act. This high demand and significantly higher private market pay scale makes retention increasingly difficult once candidates for this position get 2-4 years of experience.

To reduce the impact on our rate balance and to facilitate the recruitment and retention of high quality actuarial analysts, the Office is requesting the reclassification of 8 positions (5 in Property & Casualty and 3 in Life & Health) to Senior Actuarial Analyst. Seven of the positions sought to be reclassified are Actuarial Analysts and one is a Research and Statistics Consultant. This reclassification request would not increase the budget of the Office by an appreciable amount, nor would it impact General Revenue.

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<sup>2</sup> <https://www.dwsimpson.com/salary>

This much needed change would allow the Office to retain the talent we have hired and developed and reduce the long term costs of these positions.

Table 7

<b>Salary Comparison</b>			
	OIR Base Salary	OIR Actual Average Salary	Private Market Rate
Actuarial Analyst*	\$32,697	\$33,862	\$57,500
Senior Actuarial Analyst*	\$46,381	\$47,523	\$72,000
Entry Level Financial Analyst**	\$34,884	\$38,660	\$78,750
Mid-Level Financial Analyst**	\$39,291	\$40,948	\$103,000

\*Private market rate found at <https://www.dwsimpson.com/salary>

\*\* Private market rate found at [https://www.roberthalf.com/sites/default/files/Media\\_Root/images/at-pdfs/robert\\_half\\_2016\\_salary\\_guide.pdf](https://www.roberthalf.com/sites/default/files/Media_Root/images/at-pdfs/robert_half_2016_salary_guide.pdf)

## Financial Oversight Staffing Proposal

The financial crisis of 2007-2008 highlighted the need for more emphasis on the regulation of insurers at the insurance group level, rather than at the individual company level. Insurance has become an increasingly global commodity and the financial regulation of insurers has become more difficult and complex. The legislature has recognized the need for sophisticated monitoring tools by passing several important new insurance laws: The Own Risk Self-Assessment or ORSA statute, which requires insurers to assess and report on corporate risk, enhancements to the Insurance Holding Company statute, and the Corporate Governance Disclosure Act, which provides insurance regulators with an annual report on corporate governance practices of insurers.

The Office has also developed and enhanced its Reinsurance Data Call and Stress Test to assess and evaluate the capacity of domestic property and casualty insurers to respond to catastrophic hurricanes. This test, which analyzes insurer surplus, catastrophe model results, return times and reinsurance programs, requires informed analysis by knowledgeable and trained financial analysts.

Traditionally, in Florida, we have assigned our solvency analysts by group and those analysts review filings as received. To take this to the next level, if our new staffing plan is implemented, a team of financial analysts would be focused on a manageable number of insurance groups with the goal of gaining a more complete understanding of the market pressures faced by each group and the risks inherent in its operations. With emphasis on reviewing the information received throughout the year in a variety of reports, the team would have an increased opportunity to specialize and more accurately assess the risk of insolvency.

### ➤ Reclassification of Solvency Oversight Positions

To execute this vision properly, and to cultivate a team of financial analysts capable of evaluating and responding to new financial challenges, the staffing plan contemplates the reclassification of positions in both our Property and Casualty and Life and Health Financial Oversight Units. These changes would provide the structural framework to facilitate heightened review and focused solvency analysis.

## Legal Staffing Proposal

The Office's Legal Office provides legal counsel to the Insurance Commissioner and provides regulatory and legal support to the various divisions of the Office. Lawyers for the Office also handle complex regulatory transactions and administrative matters. The attorneys and legal staff handle litigation in state and federal courts, informal administrative hearings, and hearings at the Division of Administrative Hearings (DOAH). The Legal Office also reviews applications for new companies, works with the examiners on regulatory issues, and handles the issuance of rules, orders, and other legal documents.

The legal office is typically involved in a variety of complex matters simultaneously. For example, the Office recently held hearings on the review of two large healthcare acquisitions and has also been engaged in protracted litigation with applicants and licensees on related issues in several courts. We need sufficient resources to recruit and retain experienced attorneys capable of handling complex issues, both financial and legal, and skilled in the unique aspects of insurance regulation. Typically, our experienced attorneys have left for higher salaries at other agencies or have taken opportunities to work for insurance companies or law firms that represent insurance companies. Over the last 18 months, the Office has been attempting to recruit attorneys to fill several vacancies. The salary range for Senior Attorneys is \$51,355.46 to \$141,467.68. Most qualified attorney applicants with at least 5 years of experience are able to find employment with a minimum salary of \$70,000 and even higher at times. Although the salary issue for lawyers is not unique to OIR, a related state agency has been able to offer above-base salaries to its new hires, including approximately \$42,991 for attorneys, \$62,500 for senior attorneys (some with less than 4 years since being licensed), and \$80,000 for executive senior attorneys. The agency's Deputy General Counsels are currently at a salary of \$99,750.

To keep the existing qualified staff and to recruit experienced staff when necessary, the Office is requesting additional rate to raise our current Senior Attorneys to at least \$70,000 after they acquire sufficient training to operate relatively independently, and our managing attorneys to \$80,000.

Retaining our current legal staff and attracting new attorneys is critical to the proper application of the insurance laws of the state of Florida. Therefore, the staffing plan includes a provision for additional rate to provide flexibility to retain these experienced attorneys and attract qualified attorneys to handle important insurance regulatory matters. The Office rarely outsources legal work other than personnel cases. Because private insurance regulatory lawyers are expensive and likely to have conflicts, outsourcing does not provide a cost-effective alternative.

This request for additional rate for legal staff would be funded by the Insurance Regulatory Trust Fund and have no impact on General Revenue.

## Summary

The comprehensive staffing plan contained within this Legislative Budget Request was prepared to provide a framework for the Office to effectively regulate a changing and increasingly challenging insurance regulatory environment. The plan relies almost exclusively on existing authorized positions, with requests only for rate and salary and benefits. Although the overall request is a modest increase in our budget, we are confident it will have a dramatic impact on our effectiveness in the future.



# FLORIDA OFFICE OF FINANCIAL REGULATION

**DREW J. BREAKSPEAR**  
COMMISSIONER

## Legislative Budget Request

October 14, 2016

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 The Capitol  
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Cindy Kynoch, Staff Director  
Senate Committee on Appropriations  
201 The Capitol  
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Dear Directors:

Persuant to Chapter 216, Florida Statutes, our Legislative Budget Request 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 proposed needs for the 2017-18 Fiscal Year. This submission has been approved by Drew J. Breakspear, Commissioner.

Sincerely,

J. Ross Nobles  
Chief Financial Officer

# Department Level Exhibits and Schedules

# Schedule VII – Agency Litigation Inventory

**Department of Financial Services  
Agency Litigation Inventory - August 2016**

<b>Schedule VII: Agency Litigation Inventory</b>		
<i>For directions on completing this schedule, please see the "Legislative Budget Request (LBR) Instructions" located on the Governor's website.</i>		
Agency:	Department of Financial Services	
Contact Person:	Gregory D. Venz	Phone Number: 850-413-4270
Names of the Case: (If no case name, list the names of the plaintiff and defendant.)	1. <i>Howard Forman, Clerk of Court v. Dep't of Rev., et al.</i>	
Court with Jurisdiction:	Leon County Circuit Court	
Case Number:	2016-CA-001044	
Summary of the Complaint:	Challenge to the constitutionality of statutory filing fee distribution scheme, similar to <i>Crist v. Ervin</i> , 56 So. 3d 745 (Fla. 2010). Department of Financial Services is a defendant as the administrator of trust funds that receive a portion of the filing fees.	
Amount of the Claim:	\$ Uncertain, but in excess of \$500,000	
Specific Statutes or Laws (including GAA) Challenged:	Constitutional challenge to sections 28.2401, 28.241(1)(a)1.a.-b., 28.241(1)(a)2., 28.241(1)(c)1.-2., 34.041(1), 34.041(1)(c), 48.108(1), 28.35-.36, Florida Statutes, under Art. V, § 14; Art. III, § 12; Art. III, § 19(c)(3), Fla. Const.	
Status of the Case:	Pre-trial. Motions to dismiss pending.	
Who is representing (of record) the state in this lawsuit? Check all that apply.	X	Agency Counsel
		Office of the Attorney General or Division of Risk Management
		Outside Contract Counsel
If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).	N/A	



## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the “Legislative Budget Request (LBR) Instructions” located on the Governor’s website.*

<b>Agency:</b>	Department of Financial Services		
<b>Contact Person:</b>	Gregory D. Venz	<b>Phone Number:</b>	850-413-4270
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	<ol style="list-style-type: none"> <li>1. <i>Marion/Polk County v. Daly et al.</i>;</li> <li>2. <i>Seminole County v. Daly et al.</i></li> </ol>		
<b>Court with Jurisdiction:</b>	Leon County Circuit Court		
<b>Case Number:</b>	2014-CA-001885 (consolidated); 2016-CA-000849 ( <i>Seminole County</i> – not consolidated)		
<b>Summary of the Complaint:</b>	Department of Juvenile Justice (DJJ) has failed to reimburse counties for overcharges of counties’ share of costs for juvenile detention as provided in section 985.686, Florida Statutes. The CFO/Department of Financial Services is a nominal defendant, but has no active role in the dispute between the counties and DJJ.		
<b>Amount of the Claim:</b>	\$ Uncertain, but in excess of \$500,000		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	Application of section 985.686, Florida Statutes		
<b>Status of the Case:</b>	Pre-trial. Consolidated cases – Motions to dismiss have been denied; complaints have been answered, Motions for Summary Judgment pending. <i>Seminole County</i> – Motion to Dismiss pending; Motions for Summary Judgment pending.		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input checked="" type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>	N/A		

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the “Legislative Budget Request (LBR) Instructions” located on the Governor’s website.*

Agency:	Department of Financial Services		
Contact Person:	David Lewis	Phone Number:	850-413-4307
Names of the Case: (If no case name, list the names of the plaintiff and defendant.)	<i>State of Florida ex rel. Norman Alan Thigpen and James H. Wasdin v. US Foods, Inc., a foreign corporation f/k/a U.S. Foodservice, Inc.</i>		
Court with Jurisdiction:	Leon County Circuit Court		
Case Number:	2012-CA-003244		
Summary of the Complaint:	The complaint was filed under the <i>qui tam</i> provisions of Florida’s False Claims Act, section 68.083, Florida Statutes, alleging Defendant engaged in unlawful pricing and rebate schemes to overcharge the Department of Corrections under a contract for the purchase of food products for the state prison system		
Amount of the Claim:	\$ Greater than \$500,000		
Specific Statutes or Laws (including GAA) Challenged:	N/A		
Status of the Case:	DFS negotiated a settlement for \$15.5 million. The Department reached agreement to distribute \$3,410,000 or 22% of the settlement, to the relators as the “relator’s share,” pursuant to § 68.085 Fla. Stat. The remainder of the settlement proceeds, \$12,090,000, has been deposited into the state treasury. <b>Litigation of this case has ended and the Department has no contingent liabilities as a result of the litigation.</b>		
Who is representing (of record) the state in this lawsuit? Check all that apply.	<input checked="" type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).	N/A.		

*Office of Policy and Budget – July 2016*

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the “Legislative Budget Request (LBR) Instructions” located on the Governor’s website.*

<b>Agency:</b>	<b>Department of Financial Services</b>		
<b>Contact Person:</b>	Paul Stadler	<b>Phone Number:</b>	850-413-4255
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	<p>UNITED INSURANCE COMPANY OF AMERICA; THE RELIABLE LIFE INSURANCE COMPANY; MUTUAL SAVINGS LIFE INSURANCE COMPANY; RESERVE NATIONAL INSURANCE COMPANY,</p> <p>Plaintiffs,</p> <p>v.</p> <p>JEFF ATWATER, in his official capacity as Chief Financial Officer of the State of Florida, and the FLORIDA DEPARTMENT OF FINANCIAL SERVICES,</p> <p>Defendants.</p>		
<b>Court with Jurisdiction:</b>	IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT IN AND FOR LEON COUNTY, FLORIDA		
<b>Case Number:</b>	Case No. 2016-CA-001009		
<b>Summary of the Complaint:</b>	<p>The amended complaint alleges in Count I that section 717.107, Florida Statutes (2016), as amended by chapter 2016-219, s. 1, Laws of Florida, adversely affects the vested rights of the Plaintiffs, imposes new obligations on Plaintiffs in connection with previous transactions, and imposes new penalties upon the Plaintiffs in violation of their Due Process rights under Article I, Section 9 of the Florida Constitution. The amended complaint alleges in Count II that section 717.107, Florida Statutes (2016), as amended, substantially impairs Plaintiffs' rights contained in the Insurance Contracts, including the right to condition the investigation and payment of claims upon due proof of death, to the detriment of Plaintiffs in violation of their rights under Article I, Section 10 of the Florida Constitution.</p>		
<b>Amount of the Claim:</b>	If the litigation is successful, potentially millions of dollars will either not be paid to beneficiaries by life insurance companies or not be remitted to the State of Florida so that the Department may attempt to notify the beneficiaries of their unclaimed property.		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	section 717.107, Florida Statutes (2016)		

Status of the Case:	The case is currently in the discovery phase.	
Who is representing (of record) the state in this lawsuit? Check all that apply.		Agency Counsel
		Office of the Attorney General or Division of Risk Management
	X	Outside Contract Counsel
If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).	N/A	

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the “Legislative Budget Request (LBR) Instructions” located on the Governor’s website.*

<b>Agency:</b>	<b>Office of Insurance Regulation</b>		
<b>Contact Person:</b>	Richard Fox	<b>Phone Number:</b>	850-413-5024
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	N/A		
<b>Court with Jurisdiction:</b>	N/A		
<b>Case Number:</b>	N/A		
<b>Summary of the Complaint:</b>	N/A		
<b>Amount of the Claim:</b>	\$		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	N/A		
<b>Status of the Case:</b>	N/A		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>	N/A		

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the “Legislative Budget Request (LBR) Instructions” located on the Governor’s website.*

<b>Agency:</b>	<b>Office of Financial Regulation</b>		
<b>Contact Person:</b>	General Counsel’s Office	<b>Phone Number:</b>	850-410-9601
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	Office of Financial Regulation and Office of the Attorney General v. Western Sky Financial, LLC, Cashcall, Inc., WS Funding, Delbert Services Corp., and John Paul Reddam.		
<b>Court with Jurisdiction:</b>	Circuit Court of the Thirteenth Judicial Circuit; Division of Administrative Hearings		
<b>Case Number:</b>	13-CA-015462 and		
<b>Summary of the Complaint:</b>	Action against Defendants for violation of Florida’s Consumer Finance Act (Ch. 516, Florida Statutes), Florida’s Interest Usury and Lending Practices (Ch. 687, Florida Statutes) and Florida Deceptive and Unfair Trade Practices act (Ch. 501, Part II, Florida Statutes). Appeal is from an order from the judge imposing an injunction on the Defendants.		
<b>Amount of the Claim:</b>	Not yet determined, but it is anticipated to be in excess of \$239,000,000.		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	N/A		
<b>Status of the Case:</b>	Currently in litigation.		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input checked="" type="checkbox"/>	Agency Counsel	
	<input checked="" type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>	N/A		

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the “Legislative Budget Request (LBR) Instructions” located on the Governor’s website.*

<b>Agency:</b>	<b>Office of Financial Regulation</b>		
<b>Contact Person:</b>	General Counsel’s Office	<b>Phone Number:</b>	850-410-9601
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	Tech Friends		
<b>Court with Jurisdiction:</b>	N/A		
<b>Case Number:</b>	OFR Case No. 66513		
<b>Summary of the Complaint:</b>	This matter involves an unlicensed money transmitter that has been operating in the state for a number of years.		
<b>Amount of the Claim:</b>	Potential fine of \$2,000,000.		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	N/A		
<b>Status of the Case:</b>	OFR is waiting the 90 days for licensure denial/approval		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input checked="" type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>			

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the "Legislative Budget Request (LBR) Instructions" located on the Governor's website.*

<b>Agency:</b>	<b>Office of Financial Regulation</b>		
<b>Contact Person:</b>	General Counsel's Office	<b>Phone Number:</b>	850-410-9601
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	Swami of Lake City, Inc.		
<b>Court with Jurisdiction:</b>	N/A		
<b>Case Number:</b>	OFR Case No. 66770		
<b>Summary of the Complaint:</b>	This matter involves a money transmitter applicant that operated in the state without a license for a period of years.		
<b>Amount of the Claim:</b>	\$651,000		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	N/A		
<b>Status of the Case:</b>	In settlement negotiations.		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input checked="" type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>			



## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the "Legislative Budget Request (LBR) Instructions" located on the Governor's website.*

<b>Agency:</b>	<b>Office of Financial Regulation</b>		
<b>Contact Person:</b>	General Counsel's Office	<b>Phone Number:</b>	850-410-9601
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	Yapstone, Inc.		
<b>Court with Jurisdiction:</b>	N/A		
<b>Case Number:</b>	OFR Case No. 65944		
<b>Summary of the Complaint:</b>	This matter involves a money transmitter applicant that operated in the state without a license since 2009.		
<b>Amount of the Claim:</b>	\$1,267,000		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	N/A		
<b>Status of the Case:</b>	In settlement negotiations.		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input checked="" type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>			

## Schedule VII: Agency Litigation Inventory

*For directions on completing this schedule, please see the "Legislative Budget Request (LBR) Instructions" located on the Governor's website.*

<b>Agency:</b>	<b>Office of Financial Regulation</b>		
<b>Contact Person:</b>	General Counsel's Office	<b>Phone Number:</b>	850-410-9601
<b>Names of the Case: (If no case name, list the names of the plaintiff and defendant.)</b>	Fast Payday Loans		
<b>Court with Jurisdiction:</b>	N/A		
<b>Case Number:</b>	OFR Case No. 56060		
<b>Summary of the Complaint:</b>	This matter involves a payday lender that issued prepaid cards instead of cash, thus violating Florida Law.		
<b>Amount of the Claim:</b>	\$595,100		
<b>Specific Statutes or Laws (including GAA) Challenged:</b>	N/A		
<b>Status of the Case:</b>	Administrative Complaint has been prepared but not yet sent.		
<b>Who is representing (of record) the state in this lawsuit? Check all that apply.</b>	<input checked="" type="checkbox"/>	Agency Counsel	
	<input type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
<b>If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).</b>			

**DEPARTMENT OF FINANCIAL SERVICES**

**CHIEF FINANCIAL OFFICER**  
JEFF ATWATER

Office of Insurance  
Consumer Advocate  
Sha'Ron James

Office of Inspector  
General  
Teresa Michael

**CHIEF OF STAFF**  
Robert "Budd"  
Kneip

Office of Internal  
Operations & Appointments  
Susan Miller

**DEPUTY CHIEF  
FINANCIAL OFFICER**  
Jay Etheridge

**GENERAL COUNSEL**  
Drew Parker

**DEPUTY CHIEF  
FINANCIAL OFFICER**  
Paul Whitfield

Office of Info  
Systems  
Charles Ghini

**DEPUTY CHIEF  
FINANCIAL OFFICER**  
Michelle Winokur

**Division of Investigative & Forensic Services**  
Simon Blank  
Assistant Director  
Timothy Cannon  
Bureau of Workers' Compensation Fraud  
John Dygon  
Bureau of General Fraud  
Lovel Hand  
Bureau of Fire & Arson Investigations  
Joe Steadman  
Bureau of Forensic Services  
Carl Chasteen  
Operational Support Services  
Howard Stoll  
**Division of Public Assistance Fraud**  
Jack Heacock  
Assistant Director  
Georgia Pellegrino

**Division of State Fire Marshal**  
Julius Halas  
Assistant Director  
Mark Sauls  
Bureau of Fire Prevention  
Casia Sinco  
Bureau of Fire Fighters' Standards & Training  
William Wentlandt Jr.  
**Deputy General Counsel**  
Chasity O'Steen  
**Deputy General Counsel**  
Greg Venz  
**Division of Risk Management**  
Molly Merry  
Assistant Director  
Robin Delaney  
Bureau of Loss Prevention  
Shannon Segers  
Bureau of State Employee WC Claims  
Tod Stupski  
Bureau of State Liability & Property Claims  
Marc Stemle  
**Division of Rehabilitation & Liquidation**  
Toma Wilkerson

**Division of Administration**  
Rick Sweet  
Bureau of General Services  
Donna Vollertsen  
Bureau of HR Management  
Liz Kelly  
**Office of Publications**  
Pamela Griffis

**Division of Unclaimed Property**  
Walter Graham  
**Office of Finance & Budget**  
Teri Madsen  
Bureau of Financial Services  
Alexander Weimorts

**Div of Funeral, Cemetery & Consumer Services**  
Doug Shropshire  
Assistant Director  
Ellen Simon

**Division of Ins. Agents & Agency Services**  
Greg Thomas  
Bureau of Investigation  
Barry Lanier  
Bureau of Licensing  
Matt Tamplin

**Division of Workers' Compensation**  
Tanner Holloman  
Assistant Director  
Andrew Sabolic  
Bureau of Financial Accountability  
Greg Jenkins  
Bureau of Monitoring & Audit  
Pam Macon  
Bureau of Employee Assistance  
Stephen Yon  
Bureau of Compliance  
Robin Delaney  
**Office of Data Quality & Collection**  
Lisel Laslie

**Div of Acctg & Auditing**  
Christina Smith  
Assistant Director  
Rachael Lieblick  
Bureau of State Payrolls  
John Bennett  
Bureau of Financial Reporting  
Jennifer Reeves  
Assistant Director  
Vacant  
**Office of Fiscal Integrity**  
Steve Horn  
Bureau of Auditing  
Mark Merry

**Division of Treasury**  
Bert Wilkerson  
Bureau of Collateral Mgmt.  
Kenneth Lee  
Bureau of Funds Management  
Melisa Hevey  
Bureau of Deferred Comp.  
Kandala Winters

Deputy Director of Info. Sys.  
Robin Kinsey  
Deputy Director of Info. Sys.  
Vacant

Office of Legislative Affairs  
Elizabeth Boyd  
Office of Cabinet Affairs  
Robert Tornillo  
**Office of Research & Planning**  
Vacant

Office of Communications  
Ashley Carr  
**Office of Program Management**  
Hannah Sosa  
**Div of Consumer Services**  
Tasha Carter  
Assistant Director  
Ronald Jones  
Bureau of Education Advocacy & Research  
Vacant  
Bureau of Consumer Assistance  
Vacant

**FINANCIAL SERVICES COMMISSION**

**Office of Insurance Regulation**  
David Altmaier

**Office of Financial Regulation**  
Drew Breakspear

Deputy Commissioner  
Pamela Epting

Chief of Staff  
Belinda Miller  
Deputy Chief of Staff  
Vacant

**Deputy Director**  
Richard Robleto  
Bureau of L&H F&R (L&H Prod Rev)  
Eric Jonson  
Bureau of L&H Insurer Solvency (L&H FinOv)  
Carolyn Morgan

General Counsel  
Anoush Brangaccio

**Deputy Director**  
Vacant  
Bureau of P&C Forms & Rates (P&C Prod Rev)  
Sandra Starnes  
Bureau of P&C Ins Solv (P&C Fin Ov)  
David Altmaier

General Counsel  
Colin Roopnarine  
Inspector General  
Karen Fisher

**Director of Fin Institutions**  
J Martin Stubbefeld  
Bureau of Bank Reg Dist I  
Jeremy Smith  
Bureau of Bank Reg Dist II  
Randy Herndon  
Bureau of CU Reg  
William Ricca

**Director of Finance**  
Greg Oaks  
Bur of Fin Reg  
Andy Grosmaire  
Bur of Reg Rev-Fin  
Jason Booth

**Director of Securities**  
Vacant  
Bur of Sec Reg  
Leo Kell  
Bur of Reg Rev-Sec  
Alisa Goldberg

Communication Director  
Jamie Champion  
Bureau of Financial Investigations  
Robert Kynoch

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2015-16			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		328,307,961		385,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		4,832,474		0	
FINAL BUDGET FOR AGENCY		333,140,435		385,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					385,000
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.		7,086	55.04	389,991	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		65,972	15.89	1,048,385	
Investment Of Public Funds * Dollar Volume of Funds Invested		24,400,000,000	0.00	769,791	
Provide Cash Management Services * Number of cash management consultation services.		53	21,672.15	1,148,624	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		2,600,000	0.68	1,774,712	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,691,776	1.10	1,864,753	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		34,034	136.36	4,640,780	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		8,959,340	0.12	1,095,539	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		308,000	14.54	4,479,393	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		9	263,207.44	2,368,867	
Process State Employees Payroll * Payroll payments issued		2,976,337	0.83	2,462,993	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		11	17,112.72	188,235	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		10	94,162.70	941,627	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		3,031,237	0.98	2,984,265	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		454,386	7.21	3,275,388	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,003	69.58	556,847	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		16,001	258.91	4,142,874	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		437	1,219.72	533,018	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,326	459.00	608,638	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		2,296	6,430.51	14,764,460	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		143,781	14.68	2,111,180	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		9,450	105.51	997,050	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		10,222	122.41	1,251,248	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,424,215	0.13	460,299	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		22,343	1,666.12	37,226,229	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,555	3,420.11	15,578,586	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		149	18,153.39	2,704,855	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		80	30,739.89	2,459,191	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		32	16,031.28	513,001	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		104,708	26.87	2,813,667	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		41,359	39.43	1,630,941	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,866,313	0.40	749,267	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		218,532	1.90	414,339	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,501	1,378.93	6,206,581	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,239	14,636.53	18,134,662	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		760	6,677.86	5,075,174	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		60,889	73.24	4,459,799	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		307,319	2.24	687,021	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		303,596	16.48	5,004,357	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,655	1,453.03	2,404,765	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		90,431	49.23	4,452,156	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		33,681	426.04	14,349,470	
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		1,042	4,823.19	5,025,761	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		2,164	637.40	1,379,325	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		121,985,956	0.01	706,715	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,671,663	0.68	3,850,527	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		18,133	85.63	1,552,650	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		3,811	1,668.23	6,357,616	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed		142	6,792.41	964,522	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		452	7,217.37	3,262,249	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		7,450	2,323.87	17,312,858	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		14,094	609.29	8,587,365	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		410	11,799.05	4,837,612	
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.		23,251	88.12	2,048,791	
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.		101	116,755.44	11,792,299	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		11	72,824.73	801,072	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		143	24,563.84	3,512,629	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		313	18,352.88	5,744,453	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		285	20,817.47	5,932,979	
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.		34	77,685.82	2,641,316	
TOTAL				266,033,757	385,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				38,847,456	
REVERSIONS				28,259,206	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				333,140,419	385,000

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

- (1) Some activity unit costs may be overstated due to the allocation of double budgeted items.
- (2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.
- (3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.
- (4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

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ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5)  
AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

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THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:  
(NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION  
TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

-----  
THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN  
SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL  
GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED  
IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	299,410	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	648,841	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	10,959,193	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	1,236,635	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	7,557,986	
43200100	1601000000	ACT2190	ARTICLE V - CLERK OF THE COURTS	160,076	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,286,885	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	965,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,236,098	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,859,815	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	2,387,517	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

-----  
TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	333,140,435	385,000
TOTAL BUDGET FOR AGENCY (SECTION III):	333,140,419	385,000
	-----	-----
DIFFERENCE:	16	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## Schedule XII - Series Outsourcing or Privatization of State Service or Activity

(The Department of Financial Services has no submission for this schedule for the Fiscal Year 2017-18 Legislative Budget Request)

Schedule XIII-Proposed Consolidated  
Financing of Deferred-Payment  
Commodity Contracts



**SCHEDULE XIII  
PROPOSED CONSOLIDATED FINANCING OF DEFERRED-PAYMENT  
COMMODITY CONTRACTS**

<b>contact Information</b>
Agency: Department of Financial Services, Division of Information Systems
Name: Technical Contact - Carl Lyons, Chief, Bureau of Mainframe Systems and Operations, Budget Contact – Sherry Faircloth, Director’s Office.
Phone: Carl Lyons – 413- 2370, Sherry Faircloth 413-2274
E-mail address: <a href="mailto:Carl.Lyons@myfloridacfo.com">Carl.Lyons@myfloridacfo.com</a> or <a href="mailto:Sherry.Faircloth@myfloridacfo.com">Sherry.Faircloth@myfloridacfo.com</a>

Deferred-payment commodity contracts are approved by the Department of Financial Services (department). The rules governing these contracts are in Chapter 69I-3, *Florida Administrative Code* and may be accessed via the following website <https://www.flrules.org/gateway/ChapterHome.asp?Chapter=69I-3> . Information on the program and other associated information on the Consolidated Equipment Financing Program and Guaranteed Energy Savings Contracts may be accessed via the following website [http://www.myfloridacfo.com/aadir/statewide\\_financial\\_reporting/](http://www.myfloridacfo.com/aadir/statewide_financial_reporting/).

For each proposed deferred-payment commodity contract that exceeds the threshold for Category IV as defined in Section 287.017, *Florida Statutes*, complete the following information and submit Department of Financial Services forms Lease Checklist DFS-A1-411 and CEFP Checklist DFS-A1-410 with this schedule.

<b>1. Commodities proposed for purchase.</b>			
Product	Description	Qty	Purchase
2965-N10	IBM z13s	1	
0001	MTU 1 - D	3	
0005	GTU 1 - D	6	
0006	GTU 100 - D	2	
0019	Manage FW Suite	2	
0033	Service Docs Optional Print	1	
0091	HMC	1	
0146	CPC	1	
0165	Fanout Airflow	4	
0173	PCIe Fanout	4	
0174	Fanout Airflow PCIe	6	
0401	PCIe Interconnect	4	
0405	OSA-Express4S GbE SX 2 Ports	4	
0409	FICON Express8S 10KM LX 2 ports	10	
0417	OSA-Express5S 1000BASE-T 2 ports	5	
0890	Crypto Express5S	2	
1021	STP Enablement	1	
1043	Model N10	1	
1620	16 GB Mem DIMM (5/feat)	2	

1927	zIIP	1
3103	Lift Tool Upgrade Kit	1
3616	64 GB Memory	1
3759	Universal Lift Tool/Ladder	1
3770	3-Way Processor Q03	1
3863	CPACF Enablement	1
4032	PCIe I/O Drawer	1
6096	Flat Panel Display	1
6289	CP-Q	3
7921	Side Covers	1
8987	14ft 200V 30A 3Ph Line Cord	1
9000	Multi Order Ship Flag	1
9004	Downgraded PUs Per Request	1
9296	Q03 Capacity Marker	1

Serial: 020029BB7 **MES Upgrade to Z13s** Total: \$389,265.00

Optional Z13s upgrade services: \$15,000.00  
(SME Technician services to assist with installation/upgrade to enable a successful upgrade)

=====

**Budget Grand Total: \$404,265.00**

**2. Describe and justify the need for the deferred-payment commodity contract including guaranteed energy performance savings contracts.**

The current IBM z/114 mainframe system provides direct mainframe computing capacity for DFS and the Executive Office of the Governor. The mainframe also provides data for Florida State Agencies. This system is currently rated at a capacity of 1,244 MIPS (millions of instructions per second).

The system resource utilization rate now consistently rises to 85% and above during the business day, peaking at 100%. As the individual logical partitions compete for physical resources, the system has to slow down to be able to accommodate the increased processing requests. As an example, when state employees log into the Employee Information Center (EIC) on the internet to view their W2s the normal response time is less than a second. As the system slows down, the wait time between pressing "Enter" and getting a response increases, in some cases, to more than five (5) or six (6) seconds, and, in very bad cases, more than a minute. This very issue posed a problem for the agency two years ago.

With an aging system, which inhibits the ability to perform upgrades of any kind, a newer, more robust mainframe system will provide the Division of Information Systems (DIS) with the ability to provide customers with greater system performance and the flexibility to utilize new operating systems, such as Linux and Windows, which have not been previously available with the existing mainframe environment.

**3. Summary of one-time payment versus financing analysis including a summary amortization schedule for the financing by fiscal year (amortization schedule and analysis detail may be attached separately).**

A one-time payment would be \$389,265. Financing through the State's Consolidated Equipment Financing Program would cost \$399,246 over three years (principal of \$389,265 plus \$9,981 interest). The current interest rate (September 30, 2016) posted by the Division of Accounting and Auditing is 4.91%, the interest

the State could earn for this purchase if purchased with CEFP vs OCO would be \$19,113. The savings to the state to finance through CEFP is \$9,132 over 3 years.

**4. Identify base budget proposed for payment of contract and/or issue code and title of budget request if increased authority is required for payment of the contract.**

\$389,265 is the proposed base budget for the issue to be paid over 3 years. DIS is requesting a base budget of \$389,265 to upgrade the mainframe with an additional \$15,000 for installation and consultation services as non recurring contracted services funding for a total request of \$404,265.

# Schedule XIV – Variance from Long Range Financial Outlook

(The Department of Financial Services has no submission for this schedule for the Fiscal Year 2017-18 Legislative Budget Request)

## Schedule XV - Contract Reporting

(The Department of Financial Services has no submission for this schedule for the Fiscal Year 2017-18 Legislative Budget Request)

Department of Financial Services  
Schedule I Series

(See Department Schedule I)

# SCHEDULE IV-B FOR FLORIDA PALM

For Fiscal Year 2017-18



September 30, 2016

DEPARTMENT OF FINANCIAL SERVICES

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**I. Schedule IV-B Cover Sheet**

Schedule IV-B Cover Sheet and Agency Project Approval	
Agency: <b>Department of Financial Services</b>	Schedule IV-B Submission Date:
Project Name: <b>Florida PALM</b>	Is this project included in the Agency's LRPP? <u> X </u> Yes    ___ No
FY 2017-18 LBR Issue Code: <u>36105C0</u>	FY 2017-18 LBR Issue Title: <u>FLAIR Replacement</u>
Agency Contact for Schedule IV-B (Name, Phone #, and E-mail address): <b>Melissa Turner, (850) 410-9024, Melissa.Turner@myfloridacfo.com</b>	
AGENCY APPROVAL SIGNATURES	
I am submitting the attached Schedule IV-B in support of our legislative budget request. I have reviewed the estimated costs and benefits documented in the Schedule IV-B and believe the proposed solution can be delivered within the estimated time for the estimated costs to achieve the described benefits. I agree with the information in the attached Schedule IV-B.	
Agency Head: _____	Date: _____
Printed Name: <u>Jeff Atwater</u>	
Agency Chief Information Officer (or equivalent): _____	Date: _____
Printed Name: <u>Charles Ghini</u>	
Budget Officer: _____	Date: _____
Printed Name: <u>Teri Madsen</u>	
Planning Officer: _____	Date: _____
Printed Name:	
Project Sponsor: _____	Date: _____
Printed Name: <u>Christina Smith</u>	
Schedule IV-B Preparers (Name, Phone #, and E-mail address):	
Business Need:	<u>Melissa Turner, , melissa.turner@myfloridacfo.com</u>
Cost Benefit Analysis:	<u>Brandi Babb, (850) 413-9040, brandi.babb@myfloridacfo.com</u>
Risk Analysis:	<u>Brandi Babb, (850) 413-9040, brandi.babb@myfloridacfo.com</u>
Technology Planning:	
Project Planning:	

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## General Guidelines

The Schedule IV-B contains more detailed information on information technology (IT) projects than is included in the D-3A issue narrative submitted with an agency's Legislative Budget Request (LBR). The Schedule IV-B compiles the analyses and data developed by the agency during the initiation and planning phases of the proposed IT project. A Schedule IV-B must be completed for all IT projects when the total cost (all years) of the project is \$1 million or more.

Schedule IV-B is not required for requests to:

- Continue existing hardware and software maintenance agreements,
- Renew existing software licensing agreements that are similar to the service level agreements currently in use, or
- Replace desktop units ("refresh") with new technology that is similar to the technology currently in use.
- Contract only for the completion of a business case or feasibility study for the replacement or remediation of an existing IT system or the development of a new IT system.

## Documentation Requirements

The type and complexity of an IT project determines the level of detail an agency should submit for the following documentation requirements:

- Background and Strategic Needs Assessment
- Baseline Analysis
- Proposed Business Process Requirements
- Functional and Technical Requirements
- Success Criteria
- Benefits Realization
- Cost Benefit Analysis
- Major Project Risk Assessment
- Risk Assessment Summary
- Current Information Technology Environment
- Current Hardware/Software Inventory
- Proposed Technical Solution
- Proposed Solution Description
- Project Management Planning

Compliance with s. 216.023(4)(a)10, F.S. is also required if the total cost for all years of the project is \$10 million or more.

A description of each IV-B component is provided within this general template for the benefit of the Schedule IV-B authors. These descriptions and this guidelines section should be removed prior to the submission of the document.

Sections of the Schedule IV-B may be authored in software applications other than MS Word, such as MS Project and Visio. Submission of these documents in their native file formats is encouraged for proper analysis.

The Schedule IV-B includes two required templates, the Cost Benefit Analysis and Major Project Risk Assessment workbooks. For all other components of the Schedule IV-B, agencies should submit their own planning documents and tools to demonstrate their level of readiness to implement the proposed IT project. It is also necessary to assemble all Schedule IV-B components into one PDF file for submission to the Florida Fiscal Portal and to ensure that all personnel can open component files and that no component of the Schedule has been omitted.

Submit all component files of the agency's Schedule IV-B in their native file formats to the Office of Policy and Budget and the Legislature at [IT@LASPBS.STATE.FL.US](mailto:IT@LASPBS.STATE.FL.US). Reference the D-3A issue code and title in the subject line.

## II. Schedule IV-B Business Case – Strategic Needs Assessment

### A. Background and Strategic Needs Assessment

*Purpose: To clearly articulate the business-related need(s) for the proposed project.*

#### 1. Business Need

The Florida Constitution (s. 4(c), Article IV) and Florida Statutes (Section 17.001 and 215.94, F.S.) identify the Chief Financial Officer (CFO) as the chief fiscal officer and designated agency head for the Department of Financial Services (DFS). By virtue of the position, the CFO is responsible for the Florida Accounting Information Resource Subsystem (FLAIR) and the Cash Management Subsystem (CMS). FLAIR and CMS perform various financial and cash management functions. The systems support the business aspects of the Department's Division of Accounting and Auditing (A&A), Division of Treasury (Treasury) and state agency financial accounting. The Department's Division of Information Systems supports the operation and maintenance of FLAIR and CMS.

A capable, flexible and reliable financial management system is ~~e-must~~critical for an enterprise the size of Florida. FLAIR is not keeping up with the State's evolving and growing business needs and, as time goes on, the operational risk of relying on FLAIR ~~only~~ increases. The limitations with FLAIR and the associated impacts (e.g., proliferation of agency compensating systems and agency unique processes) are not trivial and negatively impact the operational productivity and the financial management of the State.

The CMS is a collective group of eleven individual components, each performing specific functions to support the overall cash management and investment duties of the State. These components were developed at various points dating back to 1984 on multiple platforms, with three updated into a web based system as recently as 2013. These components interface with each other, FLAIR, and external systems to manage the cash management needs of the State. Due to the number of interfaces and proliferation of data, it is difficult to obtain information from these components and reconcile them with FLAIR and agency business systems.

The ability of the CFO and DFS to perform their mission is becoming increasingly difficult given the significant limitations with FLAIR and CMS. A new financial management solution is needed and the need for change is evident by the following:

- Agencies have implemented and continue to implement workarounds and financial related business systems to fill "gaps" created by FLAIR limitations. The proliferation of these agency unique processes and compensating financial systems will only continue as business needs change. The result is an increase in operational complexity, maintenance and administrative costs, and increased difficulty for the CFO and DFS to manage the State's financial resources. A secondary impact related to the number of agency unique processes and homegrown systems will be an increased level of complexity to transition to new go forward solution.
- FLAIR is a fragile system developed over 30 years ago, and it cannot evolve to meet the State's ever changing business and financial management needs. The fragility is evidenced by the complications and instability arising from required changes to support business and policy needs, e.g., changing agency names or payroll calculations.
- FLAIR is an inflexible system based on the underlying programming and data structure. This is demonstrated by the limited potential to add data elements. The limiting factor is the structure of the programming modules.
- Resources needed to maintain FLAIR are scarce and are becoming more limited. Over 40% of personnel supporting FLAIR have at least 30 years of service and are currently eligible for full retirement. The loss of irreplaceable institutional knowledge and lack of qualified resources to support FLAIR increases future operational risk when changes to the system are needed or system issues ~~need-to~~must be resolved. Resource knowledge is critical since system documentation may not always be accurate and up to date.

## SCHEDULE IV-B FOR FLORIDA PALM

- For CMS there is a similar, albeit more modern situation, regarding support staff. While a portion of CMS functionality has been replaced by more modern technology, the resource pool supporting and developing the modern components is constrained by a small number of existing, senior employees. It is challenging, if not unrealistic, to build an infrastructure to acquire and develop employees on a specific technical platform. This presents additional risk across the domain and functions of the Treasury.
- FLAIR cannot support the Department's or the State's financial management needs. FLAIR cannot forecast cash demands at a state level nor does it contain functionality supporting operational efficiency (i.e., workflow, automated reconciliation) and cannot promote cost savings/revenue generation (i.e., Net Discounts, interest earnings).
- FLAIR, and the FMIS subsystems, are designed and operated in a way contrary to supporting an enterprise-wide solution. If the state ever wants to move towards an enterprise-wide solution, it ~~needs~~ ~~to~~ ~~must~~ establish a flexible foundation to allow for evolution (i.e., add capabilities) and to be a catalyst for future statewide operational efficiency and effectiveness efforts.
- CMS is an integrated group of individual components. While these components were designed to work together, there are limitations to their ability to easily share data, particularly with FLAIR and external agency systems, leading to significant reconciliation and manual reporting efforts to manage the cash position of the State.

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In accordance with ~~Proviso Chapter 2014-051, Section 6, Line 2340A, Laws of Florida established funding for of the 2014 General Appropriations Act (GAA);~~ the Florida PALM Project (formerly known as the FLAIR and CMS Replacement Project) ~~will replace the existing FLAIR and CMS systems with a single, integrated ERP solution. Additional funding was established through:~~

- Chapter 2015—232, Section 6, Line 2331A, Laws of Florida
- Chapter 2016-066, Section 6, Line 2317A, Laws of Florida

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### 2. Business Objectives

*NOTE: For IT projects with total cost in excess of \$10 million, the business objectives described in this section must be consistent with existing or proposed substantive policy required in s. 216.023(4)(a)10, F.S.*

The overall vision for the Florida PALM Pproject is to:

**Implement a statewide accounting system to enforce standardization, acts as a scalable foundation to evolve as business needs change, and positions Florida for future innovation as it considers a true enterprise-wide solution.**

To achieve this, the goals for the Project are:

1. Reduce the State's risk exposure by harnessing modern financial management technology built on the premises of scalability, flexibility, and maintainability
2. Improve state and agency-specific decision making by capturing a consistent and an expandable set of data
3. Improve the State's financial management capabilities to enable more accurate oversight of budget and cash demands today and in the future
4. Improve staff productivity, reduce operational complexity, and increase internal controls by enabling standardization and automation of business processes within and between DFS and agencies

### B. Baseline Analysis

*Purpose: To establish a basis for understanding the business processes, stakeholder groups, and current technologies that will be affected by the project and the level of business transformation that will be required for the project to be successful.*

## SCHEDULE IV-B FOR FLORIDA PALM

### 1. Current Business Process(es)

*NOTE: If an agency has completed a workflow analysis, include through file insertion or attachment the analyses documentation developed and completed by the agency.*

The core financial management and cash management transaction processing performed today in FLAIR and CMS are limited in scope. The limitations of these transactions, due in large part to the technical limitations of FLAIR and CMS has led to agencies developing and maintaining their own processes and systems, linked to FLAIR and CMS through automated and manual interfaces, to perform their financial management activities. The State currently lacks a set of clearly documented, enterprise level financial management processes and guidelines.

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### 2. Assumptions and Constraints

The Florida PALM implementation Project is operating under the following assumptions.

- There is commitment to the Project goals from all stakeholders.
- The Project will request and receive appropriations for implementation of the Project. The project budget will be approved each year of the project.
- All core functionality to be included in the solution will be identified as part of the requirements gathering and finalized prior to contract award.
- There will be no significant Legislative, business requirement, or policy changes during the Project will follow the Project Scope and Change Management Process.
- Software customization will be minimal and focused on those which are absolutely necessary to meet the needs of the State.
- The current FLAIR and CMS systems will function until the ERP financial management solution has replaced all FLAIR and CMS components in production.
- The required State staff resources with the necessary skill sets will be available within the Project budget. There is a sufficient talent pool within budget from which to hire State employee resources.
- There will be sufficient and adequate responses from the vendor community for contracted services.
- Collaborative Partnerships established with external advisors will be collaborative used to add value to the State to focus on value to and success of the P and enhance the success of the Project.
- The Department will select and award a contract for a software and system integrator that provides the best value to the State.

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## C. Proposed Business Process Requirements

*Purpose: To establish a basis for understanding what business process requirements the proposed solution must meet in order to select an appropriate solution for the project.*

### 1. Proposed Business Process Requirements

Florida PALM's first activity was to develop a single set of standardized statewide business processes. The business process standardization was performed in two analysis steps, Level 1, and Level 2 analysis. These standard processes were reviewed and approved by representatives from all 34 agencies using FLAIR and CMS.

The Level 1 analysis was completed at the end of 2014 to produce business process models along with supporting information identifying key business events, Accounting Events, and internal Control Points across ten business process areas.

The Level 2 analysis used the Level 1 analysis as the foundation in designing the business processes to a greater level of detail including integration points with statewide administrative systems, agency-specific business systems, and other third-party systems. The Level 2 Business Process Model also identifies examples of roles and responsibilities for process areas, sub-processes, approvals, and internal activities.

These standardized business processes will be referenced as part of the solution and system integrator solicitation and can be found at: <Florida PALM Business Process Models v1.0>

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**SCHEDULE IV-B FOR FLORIDA PALM**

1.

**2. Business Solution Alternatives**

Florida PALM is in the process of creating a comprehensive ITN to obtain the software and system integrator to replace FLAIR and CMS. The ITN is structured to successfully replace the current systems and implement the standardized financial management business processes while obtaining additional benefits from the software and system integrators.

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2. In addition to identifying the best software to perform future financial management transactions, the ITN will request the respondents provide options and recommendations for additional elements of the solution including the timing of implementation activities, timing of agency conversions to the new processes and software, and options for the hardware platform and system support.

**3. Rationale for Selection**

3. Through the ITN, the Project is establishing a set of comprehensive evaluation criteria which will guide the evaluation, negotiation, and contracting for the software, supporting infrastructure solution, implementation approach, and system integrator which will provide the best value to the State.

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**4. Recommended Business Solution**

*NOTE: For IT projects with total cost in excess of \$10 million, the project scope described in this section must be consistent with existing or proposed substantive policy required in s. 216.023(4) (a) 10, F.S.*

The software and system integrator to provide a comprehensive statewide financial management solution which provides the best value to the State will be identified and contracted through the ITN process described above.

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**D. Functional and Technical Requirements**

*Purpose: To identify the functional and technical system requirements that must be met by the project.*

Include through file insertion or attachment the functional and technical requirements analyses documentation developed and completed by the agency. The Project has performed an extensive analysis of the FLAIR and CMS systems and the approved standardized financial management business processes. As an outcome of this analysis, the Project has developed a comprehensive set of functional and technical requirements for the system. These requirements have been reviewed with the stakeholder agencies through multiple stages of review beginning October of 2015 in preparation for the Florida PALM Executive Steering Committee review and approval of the requirements prior to their inclusion in the ITN. The draft requirements are posted and available on the Florida PALM website at <Florida PALM Business Requirements> .Upon approval by the Executive Steering Committee, the final requirements will be posted in the same location.

**III. Success Criteria**

*Purpose: To identify the critical results, both outputs and outcomes, that must be realized for the project to be considered a success.*

SUCCESS CRITERIA TABLE				
#	Description of Criteria	How will the Criteria be measured/assessed?	Who benefits?	Realization Date (MM/YY)
1	A New financial management solution to replace FLAIR and	Successful execution of a software and system	DFS and State	To be negotiated As determined based on

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SCHEDULE IV-B FOR FLORIDA PALM

SUCCESS CRITERIA TABLE				
	CMS is contracted and implemented	<del>integrator solution</del> contract Successful completion of pilot implementation Successful cutover of first agency onto new solution	<a href="#">Agencies</a>	<a href="#">contract with awarded vendor</a>
2	The State is able to transition to the new solution as the system of record for State financial transactions and generate appropriate statutory reporting	Successful cutover of all <del>s</del> State agencies onto the new solution	<a href="#">DFS and State Agencies</a>	<a href="#">As determined based on contract with awarded vendor</a>
3	Agencies are able to use the new replacement system for their operational needs	<del>Agency Use of use-of "shadow" systems to agency business systems to</del> perform core financial transactional activities and reporting tasks is reduced	<a href="#">DFS and State Agencies</a>	<a href="#">As determined based on contract with awarded vendor</a>
4	<del>Data is more readily available</del>			

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IV. Schedule IV-B Benefits Realization and Cost Benefit Analysis

A. Benefits Realization Table

Purpose: To calculate and declare the tangible benefits compared to the total investment of resources needed to support the proposed IT project.

For each tangible benefit, identify the recipient of the benefit, how and when it is realized, how the realization will be measured, and how the benefit will be measured to include estimates of tangible benefit amounts.

BENEFITS REALIZATION TABLE					
#	Description of Benefit	Who receives the benefit?	How is benefit realized?	How is the realization of the benefit measured?	Realization Date (MM/YY)
1	Reduction of the State's financial risk exposure through technology built on the premises of scalability, flexibility, and maintainability	DFS	Reduction of employee time spent on non-value added maintenance and the ability to address system changes/enhancement requests on a timely basis.	Employee time spent on maintenance activities; with targets determined by DIS after contract with the awarded vendor	<a href="#">As determined based on contract with awarded vendor</a> 06/22

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SCHEDULE IV-B FOR FLORIDA PALM

BENEFITS REALIZATION TABLE					
#	Description of Benefit	Who receives the benefit?	How is benefit realized?	How is the realization of the benefit measured?	Realization Date (MM/YY)
2	Improvement in the State's <u>specific</u> decision making by capturing a consistent and an expandable set of data	DFS, <u>Policy Makers</u> , and State Agencies	Increased standardization in capture of transactional data and improved reporting	Reduction in individual agency reporting solutions <u>after successful implementation</u>	<u>As determined based on contract with awarded vendor</u> 06/22
3	Improvement in the State's financial management and accounting capabilities to enable more accurate oversight of budget and cash demands today and in the future	DFS, Policy Makers, -and State Agencies	Improved Cash Management, reduced time to reconcile transactions, enhanced financial reporting due to automated encumbrances/payables	Agency time spent reconciling cash, cash management optimization, agency time spent managing budget <u>a with targets determined by Treasury after contract with the awarded vendor</u>	<u>As determined based on contract with awarded vendor</u> 06/22
4	Improvement in state employee productivity, reduction of operational complexity and an increase of internal controls by enabling standardization and automation of business processes within and between DFS and the State's other governmental agencies	DFS and State Agencies	Reduced time performing redundant data entry and reconciliation, reformatting reports, etc.	Amount of employee time spent performing transactions vs. time spent performing analysis and other higher value activities <u>with targets determined by A&amp;A after contract with the awarded vendor</u>	<u>As determined based on contract with awarded vendor</u> 06/22

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**B. Cost Benefit Analysis (CBA)**

*Purpose: To provide a comprehensive financial prospectus specifying the project's tangible benefits, funding requirements, and proposed source(s) of funding.*

The chart below summarizes the required CBA Forms which are included as Appendix A on the Florida Fiscal Portal and must be completed and submitted with the Schedule IV-B.



**SCHEDULE IV-B FOR FLORIDA PALM**

<b>Cost Benefit Analysis</b>	
<b>Form</b>	<b>Description of Data Captured</b>
CBA Form 1 - Net Tangible Benefits	<p>Agency Program Cost Elements: Existing program operational costs versus the expected program operational costs resulting from this project. The agency needs to identify the expected changes in operational costs for the program(s) that will be impacted by the proposed project.</p> <p>Tangible Benefits: Estimates for tangible benefits resulting from implementation of the proposed IT project, which correspond to the benefits identified in the Benefits Realization Table. These estimates appear in the year the benefits will be realized.</p>
CBA Form 2 - Project Cost Analysis	<p>Baseline Project Budget: Estimated project costs.</p> <p>Project Funding Sources: Identifies the planned sources of project funds, e.g., General Revenue, Trust Fund, Grants.</p> <p>Characterization of Project Cost Estimate.</p>
CBA Form 3 - Project Investment Summary	<p>Investment Summary Calculations: Summarizes total project costs and net tangible benefits and automatically calculates:</p> <ul style="list-style-type: none"> <li>• Return on Investment</li> <li>• Payback Period</li> <li>• Breakeven Fiscal Year</li> <li>• Net Present Value</li> <li>• Internal Rate of Return</li> </ul>

**V. Schedule IV-B Major Project Risk Assessment**

*Purpose: To provide an initial high-level assessment of overall risk incurred by the project to enable appropriate risk mitigation and oversight and to improve the likelihood of project success. The risk assessment summary identifies the overall level of risk associated with the project and provides an assessment of the project's alignment with business objectives.*

*NOTE: All multi-year projects must update the Risk Assessment Component of the Schedule IV-B along with any other components that have been changed from the original Feasibility Study.*

The Risk Assessment Tool and Risk Assessment Summary are included in Appendix B on the Florida Fiscal Portal and must be completed and submitted with the agency's Schedule IV-B. After answering the questions on the Risk Assessment Tool, the Risk Assessment Summary is automatically populated.

## VI. Schedule IV-B Technology Planning

*Purpose: To ensure there is close alignment with the business and functional requirements and the selected technology.*

### A. Current Information Technology Environment

#### 1. Current System

##### a. Description of Current System

FLAIR (see [Exhibit I FLAIR/CMS Current Environment](#)~~Exhibit I FLAIR/CMS Current Environment~~) is the State's accounting system. It supports the accounting and financial management functions for the State's CFO including budget posting, receipt and disbursement of funds, payroll processing and employee portal, and the accounting information for the State's Comprehensive Annual Financial Report (CAFR).

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FLAIR consists of the following components:

- **Payroll Accounting:** Processes the State's payroll. Payroll capabilities are contained within FLAIR.
- **Central Accounting:** Maintains cash basis records and is used by the CFO to ensure expenditures are made in accordance with the legislative appropriations. It contains cash balances and budget records as well as supports tax reporting; it is not a comprehensive General Ledger.
- **Departmental Accounting:** Maintains agencies' accounting records and is utilized at the end of each fiscal year to prepare financial statements in accordance with generally accepted accounting principles.
- **Information Warehouse:** A data repository and reporting system allowing users to access Central Accounting information and most Departmental Accounting information in FLAIR. The IW receives data from Central FLAIR, Departmental FLAIR, and Payroll.

The Treasury receives and disburses cash, invests available balances, and performs related accounting functions, cash management operations, and consultations. The Treasury operates separate applications known collectively as CMS to carry out its responsibilities of monitoring cash levels and activities in State bank accounts, for keeping detailed records of cash transactions and investments for State agencies, and paying of warrants and other payments issued by the CFO. CMS interfaces with Central FLAIR, Departmental FLAIR, Department of Revenue systems, the Information Warehouse, other State agency systems, and bank business partner systems.

The Treasury- upgraded a portion of the current CMS platform to a web-based system in August 2013. This upgrade established a new integrated platform and replaced three existing business applications including Verifies, Receipts, and Chargebacks.

SCHEDULE IV-B FOR FLORIDA PALM

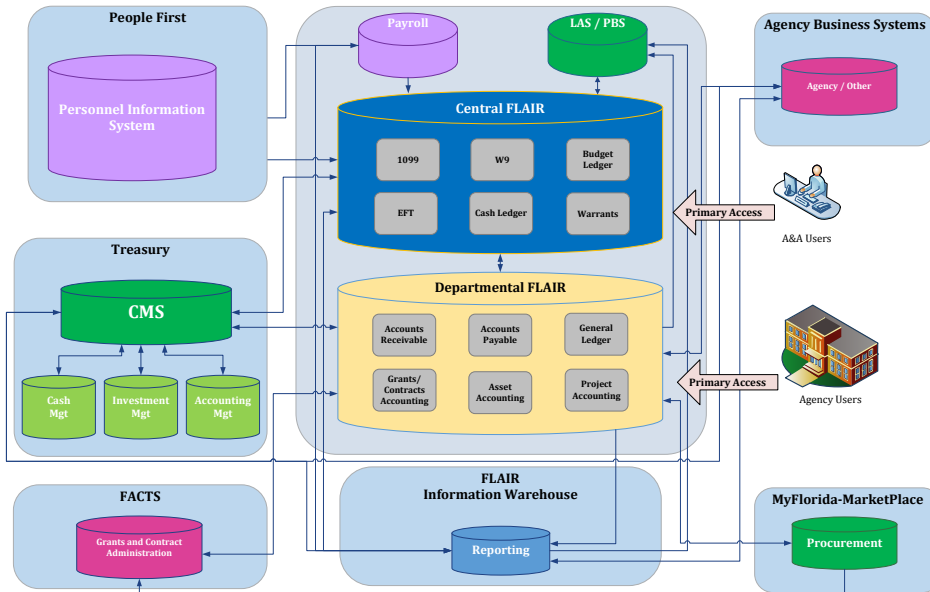


Exhibit 1 FLAIR/CMS Current Environment

FLAIR was implemented in the early 1980s based on source code from the 1970s. It runs on a mainframe and is used by 36 state agencies with approximately 14,000+ individual users at 400+ accounting office sites throughout the State. FLAIR supports the financial oversight management of the State's \$90 billion budget and processes more than 95 million accounting transactions annually. FLAIR also pays 180,000 State personnel annually.

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CMS is a collective group of eleven individual components, each performing specific functions to support the overall cash management and investment duties of the State. The individual components interface with each other to share information. The components were developed at various points between 1984 and 2002, with three of the original components combined into one web-based system in 2013.

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FLAIR is primarily a batch system, accessed via terminal emulation with no graphical interface. The mainframe and related database and software technology are difficult to maintain and do not fit with the Department's desired hardware and software platform standards. The current FLAIR and CMS architecture is neither flexible nor adaptable. The "siloes" design between FLAIR components presents challenges in making modifications and is not conducive to supporting the industry standard required number of instances necessary to support enterprise applications.

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**b. Current system resource requirements**

The FLAIR programming language and data file structure are not commonplace and resources to support the technology are scarce in the market today. According to software industry analysts, the current programming language does not rank in the top 50 in-demand today. From an IT support perspective, approximately 42% of FLAIR technical support employees have 30 or more years of service. As these employees retire it will represent a

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**SCHEDULE IV-B FOR FLORIDA PALM**

significant loss of institutional knowledge and technical expertise. Replacing the technical expertise of a market scarce resource is highly unlikely. Conclusively, the FLAIR staff members who may depart within the next five years are seasoned and experienced experts with many combined years of institutional knowledge presenting a significant risk for enhancement and support to FLAIR in the near future.

For CMS there is a similar, albeit more modern situation, regarding support staff. While a portion of CMS functionality has been replaced by more modern technology, the resource pool supporting and developing the modern components is constrained by a small number of existing, senior employees. This presents additional risk across the domain and functions of the Treasury. Mitigating the risk by building a complete programming support organization is unrealistic.

*c. Current system performance*

FLAIR currently meets the minimum requirements to manage the accounts of the State, and is not meeting the needs of DFS or the state's agencies. Some of the major concerns that agencies have with FLAIR include:

- Agencies have financial management needs ~~which are~~ which are not being met by FLAIR and have therefore implemented their own systems to meet these needs
- The current design of FLAIR creates complex manual processing requirements and produces delays in processing times
- Integration with FLAIR is technically difficult, and the technology used causes limitations to agency functionality

Agencies have had to develop reporting capabilities and workaround solutions due to limitations in FLAIR.

For CMS there is a similar, albeit more modern situation, regarding support staff. While a portion of CMS functionality has been replaced by more modern technology, the resource pool supporting and developing the modern components is constrained by a small number of existing, senior employees. This presents additional risk across the domain and functions of the Treasury. Mitigating the risk by building a complete programming support organization is unrealistic.

Prior to 2013, the Treasury used fourteen different applications which were developed at various points in time between 1984 and 2002<sup>1</sup>. The net result of the various application development efforts was multiple database platforms to support multiple programming languages. The difficulty to maintain adequate resources with the complex skill set needed to support such a variety of platforms, and integration among platforms can become a challenge. Furthermore, from a business perspective, processes can be disjointed and interrupted creating multiple entry points for inefficient and ineffective practices. The Treasury functions CMS serves are:

- Cash Management
- Investment Management
- Accounting Management

Treasury embarked on a two phase modernization effort which began in 2009<sup>2</sup>. Phase 1 included an integrated application to support cash management processes including receipts, verifications, and chargebacks ultimately updating the bank and state account applications. The first phase of the modernization effort was implemented in August 2013.

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<sup>1</sup> DFS Treasury Cash Management System Modular Redesign Project Justification, 10/27/2009

<sup>2</sup> Cash Management System, Project Management Plan, Department of Financial Services, 12/16/2011

SCHEDULE IV-B FOR FLORIDA PALM

For additional information on current system performance and limitations, refer to Appendix 1, the FLAIR Study:XXX2:

- Chapter 1, Section 1.3 Current State Performance
- Chapter 2, Section 2.2.1.2 Summary of Agency Information

2. Information Technology Standards

FLAIR is the system of record for the State of Florida financial transactions. There is currently no development or test environment for the system making any changes both difficult and risky. The current nightly batch process takes most of the night and can therefore only run one time in a 24 hour cycle, presenting a significant limitation to user productivity and causing some complex transactions to take up to five days to process.

FLAIR is over 30-years old running on an IBM z114 2818-W03 mainframe supported at the DFS data center. FLAIR was custom developed beginning in the 1970s, implemented in the 1980s, and continues to be supported by the DFS Division of Information Systems (DIS). The FLAIR components were developed separately, and rely on batch interfaces to transfer data between them. The Departmental FLAIR, Central FLAIR, and Payroll components utilize Adaptable Database Management System (ADABAS) for the database and Natural and COBOL as the programming languages. FLAIR nightly batch processes are run on the IBM mainframe using Job Control Language (JCL). The IW utilizes IBM DB2 software for the database and WebFOCUS reporting tools.

The CMS components were developed in-house on a variety of platforms. The most recent component developed, CMS, is a Windows based .Net application utilizing a Microsoft SQL Server database. The other 10 components run on an IBM iSeries Power 7 8202-E4D server. The database platform for these components is IBM DB2, and programming languages include Java, Cobol, and MS Access. CMS---

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B. Current Hardware and/or Software Inventory

NOTE: Current customers of the state data center would obtain this information from the data center.

C. Proposed Technical Solution

1. Technical Solution Alternatives

<Insert Same Text as Business Process Alternatives Above after final approval>

2. Rationale for Selection

<Insert Same Text as Rationale for Selection Above after final approval>

3. Recommended Technical Solution

<Insert Same Text as Recommended Tech. Solution Above after final approval>

3.

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## D. Proposed Solution Description

### 1. Summary Description of Proposed System

1. Florida PALM is developing a comprehensive ITN to replace FLAIR and CMS with a commercial-off-the-shelf software system which will meet the State's business needs and the identified functional and technical requirements as outlined above. Upon completion of the ITN process, the software solution will be known.

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### 2. Resource and Summary Level Funding Requirements for Proposed Solution (if known)

2. Until the Department receives vendor responses to the ITN and negotiates a contract, DFS is using the results of the original FLAIR study as the basis for resource and funding requests. (Appendix 1, FLAIR Study)

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## E. Capacity Planning

(historical and current trends versus projected requirements)

## VII. Schedule IV-B Project Management Planning

*Purpose: To require the agency to provide evidence of its thorough project planning and provide the tools the agency will use to carry out and manage the proposed project. The level of detail must be appropriate for the project's scope and complexity.*

Florida PALM is following a structured approach to manage the Pre Design Development and Implementation (Pre-DDI) activities of the project. Appendix ~~2XXX3~~ contains the current Project Management Plan (PMP) outlining the control and project execution elements currently in place. It is planned that this PMP will be enhanced to manage the DDI elements of the Project upon when the DDI phase commences at the close of negotiations. The current Florida PALM PMP is compliant with AST project management standards and includes the following sections:

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- [Performance Management](#)
- [Cost Management](#)
- [Schedule Management](#)
- [Quality Management](#)
- [Procurement Management](#)
- [Staffing Management](#)
- [Collaboration Management](#)
- [Project Scope and Change Management](#)
- [Risk Management](#)
- [Communications Management](#)
- [Issue Management](#)
- [Decision Management](#)
- [Deliverable Management](#)
- [Action Item Management](#)
- [Content Management](#)
- [Lessons Learned Management](#)

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Florida PALM has a formal Governance Process to guide its decision making. This process includes an Executive Steering Committee with representation from multiple stakeholder agencies. The Florida PALM governance processes are documented in the Governance Charter. (Appendix 3 – Florida PALM Governance Charter)

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*NOTE: For IT projects with total cost in excess of \$10 million, the project scope, business objectives, and timelines described in this section must be consistent with existing or proposed substantive policy required in s. 216.023(4)(a)10, F.S.*

## VIII. Appendices

Number and include all required spreadsheets along with any other tools, diagrams, charts, etc. chosen to accompany and support the narrative data provided by the agency within the Schedule IV-B.

- Appendix ~~XXX1-2~~ – FLAIR Study
- Appendix ~~2XXX3~~ – Florida PALM PMP
- [Appendix 3 – Florida PALM Governance Charter](#)

CBAForm 1 - Net Tangible Benefits

Agency	DFS	Project	Florida PALM
--------	-----	---------	--------------

Net Tangible Benefits - Operational Cost Changes (Costs of Current Operations versus Proposed Operations as a Result of the Project) and Additional Tangible Benefits -- CBAForm 1A															
Agency <i>(Recurring Costs Only -- No Project Costs)</i>	FY 2017-18			FY 2018-19			FY 2019-20			FY 2020-21			FY 2021-22		
	(a) Existing Program Costs	(b) Operational Cost Change	(c) = (a)+(b) New Program Costs resulting from Proposed Project	(a) Existing Program Costs	(b) Operational Cost Change	(c) = (a) + (b) New Program Costs resulting from Proposed Project	(a) Existing Program Costs	(b) Operational Cost Change	(c) = (a) + (b) New Program Costs resulting from Proposed Project	(a) Existing Program Costs	(b) Cost Change Operational Cost Change	(c) = (a) + (b) New Program Costs resulting from Proposed Project	(a) Existing Program Costs	(b) Operational Cost Change	(c) = (a) + (b) New Program Costs resulting from Proposed Project
<b>A. Personnel Costs -- Agency-Managed Staff</b>	\$2,867,991	\$3,737,400	\$6,605,391	\$6,605,391	\$3,783,005	\$10,388,396	\$10,388,396	\$3,298,948	\$13,687,344	\$13,687,344	\$3,874,540	\$17,561,884	\$17,561,884	\$1,798,622	\$19,360,506
<b>A.b Total Staff</b>	25.00	52.00	77.00	77.00	37.00	114.00	114.00	40.00	154.00	154.00	25.00	179.00	179.00	14.00	193.00
A-1.a. State FTEs (Salaries & Benefits)	\$2,867,991	\$3,737,400	\$6,605,391	\$6,605,391	\$3,783,005	\$10,388,396	\$10,388,396	\$3,298,948	\$13,687,344	\$13,687,344	\$3,874,540	\$17,561,884	\$17,561,884	\$1,798,622	\$19,360,506
A-1.b. State FTEs (#)	25.00	52.00	77.00	77.00	37.00	114.00	114.00	40.00	154.00	154.00	25.00	179.00	179.00	14.00	193.00
A-2.a. OPS Staff (Salaries)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A-2.b. OPS (#)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-3.a. Staff Augmentation (Contract Cost)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A-3.b. Staff Augmentation (# of Contractors)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>B. Application Maintenance Costs</b>	\$0	\$26,320,724	\$26,320,724	\$26,320,724	-\$971,330	\$25,349,394	\$25,349,394	-\$1,456,879	\$23,892,515	\$23,892,515	-\$5,139,794	\$18,752,721	\$18,752,921	\$4,355,713	\$23,108,634
B-1. Managed Services (Staffing)	\$0	\$18,861,914	\$18,861,914	\$18,861,914	\$5,819,152	\$24,681,066	\$24,681,066	-\$6,366,949	\$18,314,117	\$18,314,117	-\$5,667,080	\$12,647,037	\$12,647,237	-\$239,739	\$12,407,498
B-2. Hardware	\$0	\$2,500,000	\$2,500,000	\$2,500,000	-\$2,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,750,000	\$3,750,000
B-3. Software	\$0	\$4,958,810	\$4,958,810	\$4,958,810	-\$4,290,482	\$668,328	\$668,328	\$4,910,070	\$5,578,398	\$5,578,398	\$527,286	\$6,105,684	\$6,105,684	\$845,452	\$6,951,136
B-4. Other Specify	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>C. Data Center Provider Costs</b>	\$0	\$1,016,400	\$1,016,400	\$1,016,400	-\$750,000	\$266,400	\$266,400	\$2,122,727	\$2,389,127	\$2,389,127	\$1,376,291	\$3,765,418	\$3,765,418	\$1,306,355	\$5,071,773
C-1. Managed Services (Staffing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C-2. Infrastructure	\$0	\$794,400	\$794,400	\$794,400	-\$750,000	\$44,400	\$44,400	\$0	\$44,400	\$44,400	\$0	\$44,400	\$44,400	\$750,000	\$794,400
C-3. Network / Hosting Services	\$0	\$222,000	\$222,000	\$222,000	\$0	\$222,000	\$222,000	\$2,122,727	\$2,344,727	\$2,344,727	\$1,376,291	\$3,721,018	\$3,721,018	\$556,355	\$4,277,373
C-4. Disaster Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C-5. Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>D. Plant &amp; Facility Costs</b>	\$306,031	\$767,766	\$1,073,797	\$1,073,797	\$266,994	\$1,340,791	\$1,340,791	-\$369,118	\$971,673	\$971,673	-\$237,565	\$734,108	\$734,108	-\$143,783	\$590,325
<b>E. Other Costs</b>	\$20,000	\$12,653,585	\$12,673,585	\$12,673,585	-\$9,163,558	\$3,510,027	\$3,510,027	\$12,144,772	\$15,654,799	\$15,654,799	\$1,162,353	\$16,817,152	\$14,472,275	\$1,216,904	\$15,689,179
E-1. Training	\$10,000	\$10,318,708	\$10,328,708	\$10,328,708	-\$9,163,558	\$1,165,150	\$1,165,150	\$12,144,772	\$13,309,922	\$13,309,922	\$1,162,353	\$14,472,275	\$14,472,275	\$1,216,904	\$15,689,179
E-2. Travel	\$10,000	-\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
E-3. Other DDI Readiness	\$0	\$2,344,877	\$2,344,877	\$2,344,877	\$0	\$2,344,877	\$2,344,877	\$0	\$2,344,877	\$2,344,877	\$0	\$2,344,877	\$0	\$0	\$0
<b>Total of Recurring Operational Costs</b>	\$3,194,022	\$44,495,875	\$47,689,897	\$47,689,897	-\$6,834,889	\$40,855,008	\$40,855,008	\$15,740,450	\$56,595,458	\$56,595,458	\$1,035,825	\$57,631,283	\$55,286,606	\$8,533,811	\$63,820,417
<b>F. Additional Tangible Benefits:</b>		\$0			\$0			\$0			\$0			\$0	
F-1. Specify		\$0			\$0			\$0			\$0			\$0	
F-2. Specify		\$0			\$0			\$0			\$0			\$0	
F-3. Specify		\$0			\$0			\$0			\$0			\$0	
<b>Total Net Tangible Benefits:</b>		(\$44,495,875)			\$6,834,889			(\$15,740,450)			(\$1,035,825)			(\$8,533,811)	

CHARACTERIZATION OF PROJECT BENEFIT ESTIMATE -- CBAForm 1B		
Choose Type	Estimate Confidence	Enter % (+/-)
Detailed/Rigorous	<input type="checkbox"/>	Confidence Level
Order of Magnitude	<input type="checkbox"/>	Confidence Level
Placeholder	<input type="checkbox"/>	Confidence Level



1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
1				DFS	Florida PALM	CBA Form 2A Baseline Project Budget															
2				Costs entered into each row are mutually exclusive. Insert rows for detail and modify appropriation categories as necessary, but do not remove any of the provided project cost elements. Reference vendor quotes in the Item Description where applicable.	FY2017-18		FY2018-19		FY2019-20		FY2020-21		FY2021-22		TOTAL						
3				\$ -	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -						
4	Item Description (remove guidelines and annotate entries here)	Project Cost Element	Appropriation Category	Current & Previous Years Project-Related Cost	YR 1 #	YR 1 LBR	YR 1 Base Budget	YR 2 #	YR 2 LBR	YR 2 Base Budget	YR 3 #	YR 3 LBR	YR 3 Base Budget	YR 4 #	YR 4 LBR	YR 4 Base Budget	YR 5 #	YR 5 LBR	YR 5 Base Budget	TOTAL	
5	Costs for all state employees working on the project.	FTE	S&B	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -
6	Costs for all OPS employees working on the project.	OPS	OPS	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -
7	Staffing costs for personnel using Time & Expense.	Staff Augmentation	Contracted Services	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -
8	Project management personnel and related deliverables.	Project Management	Contracted Services	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -
9	Project oversight to include Independent Verification & Validation (IV&V) personnel and related deliverables.	Project Oversight	Contracted Services	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -
10	Staffing costs for all professional services not included in other categories.	Consultants/Contractors	Contracted Services	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -
11	Separate requirements analysis and feasibility study procurements.	Project Planning/Analysis	Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Hardware purchases not included in data center services.	Hardware	OCO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Commercial software purchases and licensing costs.	Commercial Software	Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Professional services with fixed-price costs (i.e. software development, installation, project documentation)	Project Deliverables	Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	All first-time training costs associated with the project.	Training	Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Include the quote received from the data center provider for project equipment and services. Only include one-time project costs in this row. Recurring, project-related data center costs are included in CBA Form 1A.	Data Center Services - One Time Costs	Data Center Category	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Other contracted services not included in other categories.	Other Services	Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Include costs for non-state data center equipment required by the project and the proposed solution (insert additional rows as needed for detail)	Equipment	Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Include costs associated with leasing space for project personnel.	Leased Space	Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Other project expenses not included in other categories.	Other Expenses	Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	<b>Total</b>			\$ -	<b>0.00</b>	\$ -	\$ -	<b>0.00</b>	\$ -	\$ -	<b>0.00</b>	\$ -	\$ -	<b>0.00</b>	\$ -	\$ -	<b>0.00</b>	\$ -	\$ -	<b>0.00</b>	\$ -

CBAForm 2 - Project Cost Analysis

Agency	<u>DFS</u>	Project	<u>Florida PALM</u>
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PROJECT COST SUMMARY	PROJECT COST SUMMARY (from CBAForm 2A)					TOTAL
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	
TOTAL PROJECT COSTS (*)	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE PROJECT COSTS <small>(includes Current &amp; Previous Years' Project-Related Costs)</small>	\$0	\$0	\$0	\$0	\$0	
Total Costs are carried forward to CBAForm3 Project Investment Summary worksheet.						

PROJECT FUNDING SOURCES	PROJECT FUNDING SOURCES - CBAForm 2B					TOTAL
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	
General Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Trust Fund	\$0	\$0	\$0	\$0	\$0	\$0
Federal Match <input type="checkbox"/>	\$0	\$0	\$0	\$0	\$0	\$0
Grants <input type="checkbox"/>	\$0	\$0	\$0	\$0	\$0	\$0
Other <input type="checkbox"/> Specify	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INVESTMENT	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE INVESTMENT	\$0	\$0	\$0	\$0	\$0	\$0

Characterization of Project Cost Estimate - CBAForm 2C		
Choose Type	Estimate Confidence	Enter % (+/-)
Detailed/Rigorous	Confidence Level	
Order of Magnitude	Confidence Level	
Placeholder	Confidence Level	

CBAForm 3 - Project Investment Summary

Agency	<u>DFS</u>	Project	<u>Florida PALM</u>
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<b>COST BENEFIT ANALYSIS -- CBAForm 3A</b>						
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	TOTAL FOR ALL YEARS
Project Cost	\$0	\$0	\$0	\$0	\$0	\$0
Net Tangible Benefits	(\$44,495,875)	\$6,834,889	(\$15,740,450)	(\$1,035,825)	(\$8,533,811)	(\$62,971,072)
Return on Investment	(\$44,495,875)	\$6,834,889	(\$15,740,450)	(\$1,035,825)	(\$8,533,811)	(\$62,971,072)
Year to Year Change in Program Staffing	52	37	40	25	14	

<b>RETURN ON INVESTMENT ANALYSIS -- CBAForm 3B</b>		
Payback Period (years)	<b>NO PAYBACK</b>	Payback Period is the time required to recover the investment costs of the project.
Breakeven Fiscal Year	<b>NO PAYBACK</b>	Fiscal Year during which the project's investment costs are recovered.
Net Present Value (NPV)	(\$59,027,137)	NPV is the present-day value of the project's benefits less costs over the project's lifecycle.
Internal Rate of Return (IRR)	<b>NO IRR</b>	IRR is the project's rate of return.

<b>Investment Interest Earning Yield -- CBAForm 3C</b>					
Fiscal Year	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Cost of Capital	1.94%	2.07%	3.18%	4.32%	4.85%

	B	C	D	E	F	G	H				
3	<b>Project</b>		<i>Florida PALM</i>								
4											
5	<b>Agency</b>		<i>Department of Financial Services</i>								
6	<b>FY 2017-18 LBR Issue Code:</b>			<b>FY 2017-18 LBR Issue Title:</b>							
7	<i>Issue Code</i>			<i>Issue Title</i>							
8	<b>Risk Assessment Contact Info (Name, Phone #, and E-mail Address):</b>										
9	<i>Melissa Turner, (850) 410-9024, melissa.turner@myfloridacfo.com</i>										
10	<b>Executive Sponsor</b>		<i>CFO Jeff Atwater</i>								
11	<b>Project Manager</b>		<i>Melissa Turner</i>								
12	<b>Prepared By</b>		<i>Melissa Turner</i>			<i>9/30/2016</i>					
14	<b>Risk Assessment Summary</b>										
15	<div style="border: 1px solid black; padding: 10px;"> <table border="1" style="width: 100%; height: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">◆</td> <td></td> </tr> </table> </div>									◆	
◆											
17								Most Aligned			
18											
19								Business Strategy			
20											
21											
22											
23											
24											
25											
26											
27											
28	Least Aligned										
29											
30	Least Risk	<b>Level of Project Risk</b>	Most Risk								
31											
32											
34	<b>Project Risk Area Breakdown</b>										
35	<b>Risk Assessment Areas</b>						<i>Risk Exposure</i>				
36	<b>Strategic Assessment</b>						<b>HIGH</b>				
37											
38	<b>Technology Exposure Assessment</b>						<b>MEDIUM</b>				
39											
40	<b>Organizational Change Management Assessment</b>						<b>HIGH</b>				
41											
42	<b>Communication Assessment</b>						<b>MEDIUM</b>				
43											
44	<b>Fiscal Assessment</b>						<b>MEDIUM</b>				
45											
46	<b>Project Organization Assessment</b>						<b>MEDIUM</b>				
47											
48	<b>Project Management Assessment</b>						<b>MEDIUM</b>				
49											
50	<b>Project Complexity Assessment</b>						<b>HIGH</b>				
51											
52											
53	<b>Overall Project Risk</b>						<b>HIGH</b>				

	B	C	D	E
1	Agency: Department of Financial Services		Project: Florida PALM	
3	Section 1 -- Strategic Area			
4	#	Criteria	Values	Answer
5	1.01	Are project objectives clearly aligned with the agency's legal mission?	0% to 40% -- Few or no objectives aligned	81% to 100% -- All or nearly all objectives aligned
6			41% to 80% -- Some objectives aligned	
7			81% to 100% -- All or nearly all objectives aligned	
8	1.02	Are project objectives clearly documented and understood by all stakeholder groups?	Not documented or agreed to by stakeholders	Documented with sign-off by stakeholders
9			Informal agreement by stakeholders	
10			Documented with sign-off by stakeholders	
11	1.03	Are the project sponsor, senior management, and other executive stakeholders actively involved in meetings for the review and success of the project?	Not or rarely involved	Project charter signed by executive sponsor and executive team actively engaged in steering committee meetings
12			Most regularly attend executive steering committee meetings	
13			Project charter signed by executive sponsor and executive team actively engaged in steering committee meetings	
14	1.04	Has the agency documented its vision for how changes to the proposed technology will improve its business processes?	Vision is not documented	Vision is completely documented
15			Vision is partially documented	
16			Vision is completely documented	
17	1.05	Have all project business/program area requirements, assumptions, constraints, and priorities been defined and documented?	0% to 40% -- Few or none defined and documented	41% to 80% -- Some defined and documented
18			41% to 80% -- Some defined and documented	
19			81% to 100% -- All or nearly all defined and documented	
20	1.06	Are all needed changes in law, rule, or policy identified and documented?	No changes needed	Changes are identified in concept only
21			Changes unknown	
22			Changes are identified in concept only	
23			Changes are identified and documented	
24			Legislation or proposed rule change is drafted	
25	1.07	Are any project phase or milestone completion dates fixed by outside factors, e.g., state or federal law or funding restrictions?	Few or none	Some
26			Some	
27			All or nearly all	
28	1.08	What is the external (e.g. public) visibility of the proposed system or project?	Minimal or no external use or visibility	Moderate external use or visibility
29			Moderate external use or visibility	
30			Extensive external use or visibility	
31	1.09	What is the internal (e.g. state agency) visibility of the proposed system or project?	Multiple agency or state enterprise visibility	Multiple agency or state enterprise visibility
32			Single agency-wide use or visibility	
33			Use or visibility at division and/or bureau level only	
34	1.10	Is this a multi-year project?	Greater than 5 years	Greater than 5 years
35			Between 3 and 5 years	
36			Between 1 and 3 years	
37			1 year or less	

	B	C	D	E
1	Agency: Department of Financial Services			Project: Florida PALM
3	Section 2 -- Technology Area			
4	#	Criteria	Values	Answer
5	2.01	Does the agency have experience working with, operating, and supporting the proposed technical solution in a production environment?	Read about only or attended conference and/or vendor presentation	Installed and supported production system more than 3 years
6			Supported prototype or production system less than 6 months	
7			Supported production system 6 months to 12 months	
8			Supported production system 1 year to 3 years	
9			Installed and supported production system more than 3 years	
10	2.02	Does the agency's internal staff have sufficient knowledge of the proposed technical solution to implement and operate the new system?	External technical resources will be needed for implementation and operations	External technical resources will be needed through implementation only
11			External technical resources will be needed through implementation only	
12			Internal resources have sufficient knowledge for implementation and operations	
13	2.03	Have all relevant technical alternatives/ solution options been researched, documented and considered?	No technology alternatives researched	All or nearly all alternatives documented and considered
14			Some alternatives documented and considered	
15			All or nearly all alternatives documented and considered	
16	2.04	Does the proposed technical solution comply with all relevant agency, statewide, or industry technology standards?	No relevant standards have been identified or incorporated into proposed technology	Proposed technology solution is fully compliant with all relevant agency, statewide, or industry standards
17			Some relevant standards have been incorporated into the proposed technology	
18			Proposed technology solution is fully compliant with all relevant agency, statewide, or industry standards	
19	2.05	Does the proposed technical solution require significant change to the agency's existing technology infrastructure?	Minor or no infrastructure change required	Extensive infrastructure change required
20			Moderate infrastructure change required	
21			Extensive infrastructure change required	
22			Complete infrastructure replacement	
23	2.06	Are detailed hardware and software capacity requirements defined and documented?	Capacity requirements are not understood or defined	Capacity requirements are defined only at a conceptual level
24			Capacity requirements are defined only at a conceptual level	
25			Capacity requirements are based on historical data and new system design specifications and performance requirements	

	B	C	D	E
1	Agency: Department of Financial Services			Project: Florida PALM
3	Section 3 -- Organizational Change Management Area			
4	#	Criteria	Values	Answer
5	3.01	What is the expected level of organizational change that will be imposed within the agency if the project is successfully implemented?	Extensive changes to organization structure, staff or business processes	Extensive changes to organization structure, staff or business processes
6			Moderate changes to organization structure, staff or business processes	
7			Minimal changes to organization structure, staff or business processes structure	
8	3.02	Will this project impact essential business processes?	Yes	Yes
9			No	
10	3.03	Have all business process changes and process interactions been defined and documented?	0% to 40% -- Few or no process changes defined and documented	41% to 80% -- Some process changes defined and documented
11			41% to 80% -- Some process changes defined and documented	
12			81% to 100% -- All or nearly all processes defined and documented	
13	3.04	Has an Organizational Change Management Plan been approved for this project?	Yes	Yes
14			No	
15	3.05	Will the agency's anticipated FTE count change as a result of implementing the project?	Over 10% FTE count change	1% to 10% FTE count change
16			1% to 10% FTE count change	
17			Less than 1% FTE count change	
18	3.06	Will the number of contractors change as a result of implementing the project?	Over 10% contractor count change	1 to 10% contractor count change
19			1 to 10% contractor count change	
20			Less than 1% contractor count change	
21	3.07	What is the expected level of change impact on the citizens of the State of Florida if the project is successfully implemented?	Extensive change or new way of providing/receiving services or information)	Minor or no changes
22			Moderate changes	
23			Minor or no changes	
24	3.08	What is the expected change impact on other state or local government agencies as a result of implementing the project?	Extensive change or new way of providing/receiving services or information	Extensive change or new way of providing/receiving services or information
25			Moderate changes	
26			Minor or no changes	
27	3.09	Has the agency successfully completed a project with similar organizational change requirements?	No experience/Not recently (>5 Years)	Recently completed project with fewer change requirements
28			Recently completed project with fewer change requirements	
29			Recently completed project with similar change requirements	
30			Recently completed project with greater change requirements	

	B	C	D	E	
1	Agency: Agency Name		Project: Project Name		
3	Section 4 -- Communication Area				
4	#	Criteria	Value Options	Answer	
5	4.01	Has a documented Communication Plan been approved for this project?	Yes	Yes	
6			No		
7	4.02	Does the project Communication Plan promote the collection and use of feedback from management, project team, and business stakeholders (including end users)?	Negligible or no feedback in Plan	Routine feedback in Plan	
8					Routine feedback in Plan
9					Proactive use of feedback in Plan
10	4.03	Have all required communication channels been identified and documented in the Communication Plan?	Yes	Yes	
11					No
12	4.04	Are all affected stakeholders included in the Communication Plan?	Yes	Yes	
13					No
14	4.05	Have all key messages been developed and documented in the Communication Plan?	Plan does not include key messages	Some key messages have been developed	
15					Some key messages have been developed
16					All or nearly all messages are documented
17	4.06	Have desired message outcomes and success measures been identified in the Communication Plan?	Plan does not include desired messages outcomes and success measures	Success measures have been developed for some messages	
18					Success measures have been developed for some messages
19					All or nearly all messages have success measures
20	4.07	Does the project Communication Plan identify and assign needed staff and resources?	Yes	Yes	
21					No



	B	C	D	E
1	Agency: Department of Financial Services		Project: Florida PALM	
3	Section 5 -- Fiscal Area			
4	#	Criteria	Values	Answer
5	5.01	Has a documented Spending Plan been approved for the entire project lifecycle?	Yes	Yes
6			No	
7	5.02	Have all project expenditures been identified in the Spending Plan?	0% to 40% -- None or few defined and documented	41% to 80% -- Some defined and documented
8			41% to 80% -- Some defined and documented	
9			81% to 100% -- All or nearly all defined and documented	
10	5.03	What is the estimated total cost of this project over its entire lifecycle?	Unknown	Greater than \$10 M
11			Greater than \$10 M	
12			Between \$2 M and \$10 M	
13			Between \$500K and \$1,999,999	
14			Less than \$500 K	
15	5.04	Is the cost estimate for this project based on quantitative analysis using a standards-based estimation model?	Yes	No
16			No	
17	5.05	What is the character of the cost estimates for this project?	Detailed and rigorous (accurate within $\pm 10\%$ )	Order of magnitude – estimate could vary between 10-100%
18			Order of magnitude – estimate could vary between 10-100%	
19			Placeholder – actual cost may exceed estimate by more than 100%	
20	5.06	Are funds available within existing agency resources to complete this project?	Yes	No
21			No	
22	5.07	Will/should multiple state or local agencies help fund this project or system?	Funding from single agency	Funding from single agency
23			Funding from local government agencies	
24			Funding from other state agencies	
25	5.08	If federal financial participation is anticipated as a source of funding, has federal approval been requested and received?	Neither requested nor received	Not applicable
26			Requested but not received	
27			Requested and received	
28			Not applicable	
29	5.09	Have all tangible and intangible benefits been identified and validated as reliable and achievable?	Project benefits have not been identified or validated	Most project benefits have been identified but not validated
30			Some project benefits have been identified but not validated	
31			Most project benefits have been identified but not validated	
32			All or nearly all project benefits have been identified and validated	
33	5.10	What is the benefit payback period that is defined and documented?	Within 1 year	No payback
34			Within 3 years	
35			Within 5 years	
36			More than 5 years	
37			No payback	
38	5.11	Has the project procurement strategy been clearly determined and agreed to by affected stakeholders?	Procurement strategy has not been identified and documented	Stakeholders have reviewed and approved the proposed procurement strategy
39			Stakeholders have not been consulted re: procurement strategy	
40			Stakeholders have reviewed and approved the proposed procurement strategy	
41	5.12	What is the planned approach for acquiring necessary products and solution services to successfully complete the project?	Time and Expense (T&E)	Combination FFP and T&E
42			Firm Fixed Price (FFP)	
43			Combination FFP and T&E	
44	5.13	What is the planned approach for procuring hardware and software for the project?	Timing of major hardware and software purchases has not yet been determined	Timing of major hardware and software purchases has not yet been
45			Purchase all hardware and software at start of project to take advantage of one-time discounts	

	B	C	D	E
1	Agency: Department of Financial Services			Project: Florida PALM
3	Section 5 -- Fiscal Area			
4	#	Criteria	Values	Answer
46			Just-in-time purchasing of hardware and software is documented in the project schedule	determined
47	5.14	Has a contract manager been assigned to this project?	No contract manager assigned	Contract manager assigned is not the procurement manager or the project manager
48			Contract manager is the procurement manager	
49			Contract manager is the project manager	
50			Contract manager assigned is not the procurement manager or the project manager	
51	5.15	Has equipment leasing been considered for the project's large-scale computing purchases?	Yes	Yes
52			No	
53	5.16	Have all procurement selection criteria and outcomes been clearly identified?	No selection criteria or outcomes have been identified	All or nearly all selection criteria and expected outcomes have been defined and documented
54			Some selection criteria and outcomes have been defined and documented	
55			All or nearly all selection criteria and expected outcomes have been defined and documented	
56	5.17	Does the procurement strategy use a multi-stage evaluation process to progressively narrow the field of prospective vendors to the single, best qualified candidate?	Procurement strategy has not been developed	Multi-stage evaluation and proof of concept or prototype planned/used to select best qualified vendor
57			Multi-stage evaluation not planned/used for procurement	
58			Multi-stage evaluation and proof of concept or prototype planned/used to select best qualified vendor	
59	5.18	For projects with total cost exceeding \$10 million, did/will the procurement strategy require a proof of concept or prototype as part of the bid response?	Procurement strategy has not been developed	Yes, bid response did/will include proof of concept or prototype
60			No, bid response did/will not require proof of concept or prototype	
61			Yes, bid response did/will include proof of concept or prototype	
62			Not applicable	
63				
64				
65				
66				

	B	C	D	E
1	Agency: Department of Financial Services			Project: Florida PALM
3	Section 6 -- Project Organization Area			
4	#	Criteria	Values	Answer
5	6.01	Is the project organization and governance structure clearly defined and documented within an approved project plan?	Yes	Yes
6			No	
7	6.02	Have all roles and responsibilities for the executive steering committee been clearly identified?	None or few have been defined and documented	All or nearly all have been defined and documented
8			Some have been defined and documented	
9			All or nearly all have been defined and documented	
10	6.03	Who is responsible for integrating project deliverables into the final solution?	Not yet determined	Agency
11			Agency	
12			System Integrator (contractor)	
13	6.04	How many project managers and project directors will be responsible for managing the project?	3 or more	1
14			2	
15			1	
16	6.05	Has a project staffing plan specifying the number of required resources (including project team, program staff, and contractors) and their corresponding roles, responsibilities and needed skill levels been developed?	Needed staff and skills have not been identified	Staffing plan identifying all staff roles, responsibilities, and skill levels have been documented
17			Some or most staff roles and responsibilities and needed skills have been identified	
18			Staffing plan identifying all staff roles, responsibilities, and skill levels have been documented	
19	6.06	Is an experienced project manager dedicated fulltime to the project?	No experienced project manager assigned	Yes, experienced project manager dedicated full-time, 100% to project
20			No, project manager is assigned 50% or less to project	
21			No, project manager assigned more than half-time, but less than full-time to project	
22			Yes, experienced project manager dedicated full-time, 100% to project	
23	6.07	Are qualified project management team members dedicated full-time to the project	None	Yes, business, functional or technical experts dedicated full-time, 100% to project
24			No, business, functional or technical experts dedicated 50% or less to project	
25			No, business, functional or technical experts dedicated more than half-time but less than full-time to project	
26			Yes, business, functional or technical experts dedicated full-time, 100% to project	
27	6.08	Does the agency have the necessary knowledge, skills, and abilities to staff the project team with in-house resources?	Few or no staff from in-house resources	Half of staff from in-house resources
28			Half of staff from in-house resources	
29			Mostly staffed from in-house resources	
30			Completely staffed from in-house resources	
31	6.09	Is agency IT personnel turnover expected to significantly impact this project?	Minimal or no impact	Moderate impact
32			Moderate impact	
33			Extensive impact	
34	6.10	Does the project governance structure establish a formal change review and control board to address proposed changes in project scope, schedule, or cost?	Yes	Yes
35			No	
36	6.11	Are all affected stakeholders represented by functional manager on the change review and control board?	No board has been established	Yes, all stakeholders are represented by functional manager
37			No, only IT staff are on change review and control board	
38			No, all stakeholders are not represented on the board	
39			Yes, all stakeholders are represented by functional manager	

	B	C	D	E
1	Agency: Department of Financial Services		Project: Florida PALM	
3	Section 7 -- Project Management Area			
4	#	Criteria	Values	Answer
5	7.01	Does the project management team use a standard commercially available project management methodology to plan, implement, and control the project?	No	Yes
6			Project Management team will use the methodology selected by the systems integrator	
7			Yes	
8	7.02	For how many projects has the agency successfully used the selected project management methodology?	None	More than 3
9			1-3	
10			More than 3	
11	7.03	How many members of the project team are proficient in the use of the selected project management methodology?	None	All or nearly all
12			Some	
13			All or nearly all	
14	7.04	Have all requirements specifications been unambiguously defined and documented?	0% to 40% -- None or few have been defined and documented	81% to 100% -- All or nearly all have been defined and documented
15			41 to 80% -- Some have been defined and documented	
16			81% to 100% -- All or nearly all have been defined and documented	
17	7.05	Have all design specifications been unambiguously defined and documented?	0% to 40% -- None or few have been defined and documented	0% to 40% -- None or few have been defined and documented
18			41 to 80% -- Some have been defined and documented	
19			81% to 100% -- All or nearly all have been defined and documented	
20	7.06	Are all requirements and design specifications traceable to specific business rules?	0% to 40% -- None or few are traceable	0% to 40% -- None or few are traceable
21			41 to 80% -- Some are traceable	
22			81% to 100% -- All or nearly all requirements and specifications are traceable	
23	7.07	Have all project deliverables/services and acceptance criteria been clearly defined and documented?	None or few have been defined and documented	None or few have been defined and documented
24			Some deliverables and acceptance criteria have been defined and documented	
25			All or nearly all deliverables and acceptance criteria have been defined and documented	
26	7.08	Is written approval required from executive sponsor, business stakeholders, and project manager for review and sign-off of major project deliverables?	No sign-off required	Review and sign-off from the executive sponsor, business stakeholder, and project manager are required on all major project deliverables
27			Only project manager signs-off	
28			Review and sign-off from the executive sponsor, business stakeholder, and project manager are required on all major project deliverables	
29	7.09	Has the Work Breakdown Structure (WBS) been defined to the work package level for all project activities?	0% to 40% -- None or few have been defined to the work package level	0% to 40% -- None or few have been defined to the work package level
30			41 to 80% -- Some have been defined to the work package level	
31			81% to 100% -- All or nearly all have been defined to the work package level	
32	7.10	Has a documented project schedule been approved for the entire project lifecycle?	Yes	No
33			No	
34	7.11	Does the project schedule specify all project tasks, go/no-go decision points (checkpoints),	Yes	No

	B	C	D	E
1	Agency: Department of Financial Services		Project: Florida PALM	
3	Section 7 -- Project Management Area			
4	#	Criteria	Values	Answer
35		critical milestones, and resources?	No	NO
36	7.12	Are formal project status reporting processes documented and in place to manage and control this project?	No or informal processes are used for status reporting	Project team and executive steering committee use formal status reporting processes
37			Project team uses formal processes	
38			Project team and executive steering committee use formal status reporting processes	
39	7.13	Are all necessary planning and reporting templates, e.g., work plans, status reports, issues and risk management, available?	No templates are available	All planning and reporting templates are available
40			Some templates are available	
41			All planning and reporting templates are available	
42	7.14	Has a documented Risk Management Plan been approved for this project?	Yes	Yes
43			No	
44	7.15	Have all known project risks and corresponding mitigation strategies been identified?	None or few have been defined and documented	All known risks and mitigation strategies have been defined
45			Some have been defined and documented	
46			All known risks and mitigation strategies have been defined	
47	7.16	Are standard change request, review and approval processes documented and in place for this project?	Yes	Yes
48			No	
49	7.17	Are issue reporting and management processes documented and in place for this project?	Yes	Yes
50			No	

	B	C	D	E
1	Agency: Department of Financial Services			Project: Florida PALM
2				
3	<b>Section 8 -- Project Complexity Area</b>			
4	#	Criteria	Values	Answer
5	8.01	How complex is the proposed solution compared to the current agency systems?	Unknown at this time	More complex
6			More complex	
7			Similar complexity	
8			Less complex	
9	8.02	Are the business users or end users dispersed across multiple cities, counties, districts, or regions?	Single location	More than 3 sites
10			3 sites or fewer	
11			More than 3 sites	
12	8.03	Are the project team members dispersed across multiple cities, counties, districts, or regions?	Single location	Single location
13			3 sites or fewer	
14			More than 3 sites	
15	8.04	How many external contracting or consulting organizations will this project require?	No external organizations	More than 3 external organizations
16			1 to 3 external organizations	
17			More than 3 external organizations	
18	8.05	What is the expected project team size?	Greater than 15	Greater than 15
19			9 to 15	
20			5 to 8	
21			Less than 5	
22	8.06	How many external entities (e.g., other agencies, community service providers, or local government entities) will be impacted by this project or system?	More than 4	More than 4
23			2 to 4	
24			1	
25			None	
26	8.07	What is the impact of the project on state operations?	Business process change in single division or bureau	Statewide or multiple agency business process change
27			Agency-wide business process change	
28			Statewide or multiple agency business process change	
29	8.08	Has the agency successfully completed a similarly-sized project when acting as Systems Integrator?	Yes	No
30			No	
31	8.09	What type of project is this?	Infrastructure upgrade	Combination of the above
32			Implementation requiring software development or purchasing commercial off the shelf (COTS) software	
33			Business Process Reengineering	
34			Combination of the above	
35	8.10	Has the project manager successfully managed similar projects to completion?	No recent experience	Lesser size and complexity
36			Lesser size and complexity	
37			Similar size and complexity	
38			Greater size and complexity	
39	8.11	Does the agency management have experience governing projects of equal or similar size and complexity to successful completion?	No recent experience	Lesser size and complexity
40			Lesser size and complexity	
41			Similar size and complexity	
42			Greater size and complexity	

## Schedule VI – Detail of Debt Service

(The Department of Financial Services has no submission for this schedule for the Fiscal Year 2017-18 Legislative Budget Request)

# Schedule IX – Major Audit Findings and Recommendations



**SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS**

**Budget Period: 2017-2018**

**Department:** Financial Services

**Chief Internal Auditor:** Leah Gardner

**Budget Entity:** Office of Inspector General

**Phone Number:** (850) 413-4953

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2016-032	August, 2015	<i>Florida Accounting Information Resource Subsystem (FLAIR)</i>	<p><b>Finding 1:</b> The access privileges for some FLAIR users did not promote an appropriate separation of duties or did not restrict users to only those functions necessary for their assigned job duties.</p> <p><b>Recommendation:</b> Department management should limit user access privileges to FLAIR data and IT resources to promote an appropriate separation of duties and restrict users to only those functions necessary for their assigned job duties.</p>	<p><b>Ongoing:</b> As of July 29, 2015, the Division of Information Systems (DIS) concluded their review and restriction of staff access to the RDS reports. Additionally, as of July 24, 2015, DIS modified the distribution of the production program change move reports to ensure that they were distributed to and reviewed by another staff member. The access was changed for the two Accounting and Auditing employees.</p>	
			<p><b>Finding 2:</b> Department procedures for the periodic review of user access privileges needed improvement to ensure that the access privileges assigned to users are authorized and appropriate.</p> <p><b>Recommendation:</b> Department management should improve written procedures for periodic reviews of user access privileges to include all programming and reporting systems to ensure that the user access privileges assigned are authorized and appropriate.</p>	<p><b>Ongoing:</b> The DIS has conducted an initial UNIX account review and clean-up in addition to implementation of a recurring review process and completion of the first recurring review. COBOL access was identified as a component of an existing monthly access review process. Additionally, it was determined that the report containing the mini menu functions cannot be modified to include the additional mini menu function detail as it will render the existing report detail unusable and hinder the completion of a more extensive access review. The Department implemented a quarterly review of RDS generated payroll reports; the first review was completed in January 2016.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			<p><b>Finding 3:</b> Certain Payroll Component application controls were not effective in ensuring the completeness, accuracy, and availability of payroll transactions and data.</p> <p><b>Recommendation:</b> Department management should improve Payroll Component application controls to ensure the completeness, accuracy, and availability of payroll transactions and data.</p>	<p><b>Ongoing:</b> The Division of Accounting and Auditing has evaluated the process and is working with the Department of Management Services on addressing the applicable controls.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2016-069	May, 2015	<i>Division of Insurance Fraud and Selected Administrative Activities</i>	<p><b>Finding 1:</b> The Department did not always include sufficient information in the Augmented Criminal Investigative Support System (ACISS) to support the reasons referrals regarding potential insurance fraud were closed without investigation.</p> <p><b>Recommendation:</b> Department management should ensure that sufficient information is included in ACISS to support decisions to close referrals without investigation.</p>	<p><b>Ongoing:</b> The ACISS manual addressing this issue was updated and released to all personnel on January 22, 2016. Training of all supervisors was conducted on February 5, 2016.</p>	
			<p><b>Finding 2:</b> The Department did not ensure that all referrals received from the Office of Financial Regulation (OFR) were identified or accurately recorded in ACISS. In addition, contrary to the Department's Memorandum of Understanding with the OFR, the Department did not provide the OFR with information on the disposition of referrals.</p> <p><b>Recommendation:</b> Department management should ensure that all referrals received from the OFR are accurately identified in ACISS and that referral disposition information is timely reported to the OFR as specified by the MOU.</p>	<p><b>Ongoing:</b> A review of the process took place with OFR on December 8, 2015. Quarterly reports resumed on December 18, 2016.</p>	
			<p><b>Finding 3:</b> Department investigations of potential insurance fraud were sometimes inappropriately closed in ACISS using a resource limitations reason code.</p> <p><b>Recommendation:</b> Department management should remove Closed – Due to Resource Limitations as a reason code in ACISS for closing investigations. Department management should evaluate whether any of the investigations closed using the Closed – Due to Resource Limitations reason code should be reopened.</p>	<p><b>Ongoing:</b> The category was removed from ACISS and the ACISS manual updated on January 22, 2016. First line supervisors were tasked with auditing the cases closed under the "Closed - Due to Resource Limitations" category on January 13, 2015, and the task was completed on January 29, 2016. The ACISS training was conducted on February 5, 2016.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			<p><b>Finding 4:</b> ACISS data processing controls need improvement to provide for the proper accounting for and processing of referrals and investigative cases.</p> <p><b>Recommendation:</b> Department management should establish procedures for documenting the reason and approval for deleting referral and investigative case records from ACISS. These procedures could include the establishment of logs to document and provide an explanation for all referrals and investigative cases deleted from ACISS. If established, such logs should be periodically reviewed by management to determine the significance and nature of data gaps as well as the status of any uncorrected data errors.</p>	<p><b>Ongoing:</b> The agency set up a system on December 7, 2015, of documenting system deletions while keeping a copy of the deleted reports in a separate electronic format for any future audit, accountability for research purpose.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2016-069 (...cont'd)	May, 2015	<i>Division of Insurance Fraud and Selected Administrative Activities</i>	<p><b>Finding 5:</b> ACISS controls need improvement to ensure that user access privileges are limited to only those necessary for the user's assigned job responsibilities and to demonstrate that user access privileges are timely deactivated upon an employee's separation from Department employment or when the privileges are no longer required.</p> <p><b>Recommendation:</b> Department management should limit ACISS user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Department management should ensure that ACISS user access privileges are timely deactivated upon an employee's separation from Department employment or transfer to a position where the privileges are no longer required and that such deactivation be appropriately documented.</p>	<p><b>Ongoing:</b> The Department's Form 1820 was updated to include User Level choices of Read Only - Level 1, Modify Access - Level 5, and Administrator Access - Level 9.</p>	
			<p><b>Finding 6:</b> Certain security controls related to Department network authentication need improvement to better protect the confidentiality, integrity, and availability of Department data and information technology resources.</p> <p><b>Recommendation:</b> Department management should strengthen certain security controls related to Department network authentication to ensure the continued confidentiality, integrity, and availability of Department data and related IT resources.</p>	<p><b>Ongoing:</b> The Department continues to evaluate and increase related monitoring. An upgrade to an existing monitoring tool was implemented as part of this effort. Related reports are functional and being reviewed to further ensure the security of accounts.</p>	
			<p><b>Finding 7:</b> The Department had not established Department-wide policies and procedures for the collection and use of social security numbers or always documented the timely evaluation of its collection and use of social security numbers to ensure compliance with State law.</p> <p><b>Recommendation:</b> Department management should establish Department-wide written policies and procedures regarding the collection and use of individuals' SSNs and take appropriate steps to demonstrate compliance with applicable statutory requirements.</p>	<p><b>Ongoing:</b> The Division of Administration continues to work with the Division of Legal Services to develop a Department-wide policy to address the collection of SSNs.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2016-159	June, 2015	<i>State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards</i>	<p><b>Finding 2015:003:</b> The Department did not ensure that State agencies recorded amounts to nonspendable fund balances net of committed amounts.</p> <p><b>Recommendation:</b> The Department should enhance Statewide financial statement compilation procedures to ensure that nonspendable fund balances are recorded net of committed proceeds from long-term receivables and advances.</p>	<p><b>Ongoing:</b> The Department will enhance Statewide financial statement compilation procedures to ensure that nonspendable fund balances are recorded net of committed proceeds from long-term receivables and advances.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2016-199	January, 2016	<i>Special Disability Trust Fund Claims Manager 2004 System</i>	<p><b>Finding 1:</b> The Department did not timely deactivate the access privileges for a former employee to prevent the former employee or others from misusing the former employee's access privileges.</p> <p><b>Recommendation:</b> Department management should ensure that user account access privileges of former employees are timely deactivated.</p>	<p><b>Ongoing:</b> The Department restricted the functionality of the one remaining account to the extent possible without limiting our ability to comply with public records request requirements. Access to the account is appropriately restricted to designated staff who are authorized to perform those functions. The account will be required for this purpose until the Department procures and transitions all related records to another resource.</p>	
			<p><b>Finding 2:</b> Certain security controls related to physical security, confidential and exempt data, and monitoring of the SDTF System and related IT resources continue to need improvement to ensure the confidentiality, integrity, and availability of SDTF System data and related IT resources.</p> <p><b>Recommendation:</b> Department management should improve certain security controls related to physical security, confidential and exempt data, and monitoring of the SDTF System and related IT resources to ensure the confidentiality, integrity, and availability of SDTF System data and related IT resources.</p>	<p><b>Ongoing:</b> The Department made significant improvement in restricting physical security by building a restricted area. The physical security matter identified was resolved as of February 4, 2016. The additional business process concerns will be evaluated and, where appropriate, additional security controls will be implemented to further enhance security of system data and related resources.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-002	June, 2013	<i>Contract and Grant Management Processes at Selected State Agencies</i>	<p><b>Finding 1:</b> State agencies did not always document that employees involved in the contractor evaluation and selection process attested in writing, or timely attested, that they were independent of, and had no conflict of interest in, the entities evaluated and selected.</p> <p><b>Recommendation:</b> State agency management should take steps to ensure that conflict of interest attestations required by State law are timely completed by all individuals taking part in the contractor evaluation and selection process and that the attestation documents are appropriately maintained.</p>	<p><b>Closed:</b> This matter has been resolved by: 1) written communication was sent to all contract managers reminding them of their responsibility to obtain these signatures; 2) being documented in the Contract Management Life Cycle Guide; 3) being reviewed in all contract manager training classes; 4) including the conflict of interest form with the Internal Contract Route Slip to remind contract managers of the requirement for timely signatures.</p>	



REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-002 (...cont'd)	June, 2013	<i>Contract and Grant Management Processes at Selected State Agencies</i>	<p><b>Finding 3:</b> State agencies did not always document that contracts were properly reviewed, approved, and executed in accordance with State law.</p> <p><b>Recommendation:</b> State agency management should ensure that contracts are properly reviewed, approved, and executed in accordance with State law and that agency head delegations of authority are appropriately documented.</p>	<p><b>Closed:</b> The Department performed the following: a) Created an "exceptions list" within the Purchasing Threshold Guidelines to document known types of agreements that are not required to route through Purchasing Services, and to outline specific responsibilities related to those agreements; b) Added clarifying "delegations of authority" verbiage to the Purchasing Threshold Guidelines and the Contract Management Life Cycle Guide; c) Added more detailed information to the training slide deck for the DFS internal contract manager training; and d) Sent communications to all Division Directors and Contract Managers reminding them of contracting requirements.</p>	
			<p><b>Finding 5:</b> State agencies did not always document that contract managers received, or timely received, required training for accountability in contracts management.</p> <p><b>Recommendation:</b> State agency management should ensure that all contract managers attend the required DFS training for accountability in contracts management in accordance with State law and DFS guidelines. DFS management should continue to maximize the availability of contracts management training to facilitate State agency compliance with the statutory training requirements.</p>	<p><b>Closed:</b> All contract managers cited in the finding have received the required training. The Division of Accounting and Auditing updated the training calendar to further ensure that sufficient training is available to meet agency needs.</p>	
			<p><b>Finding 6:</b> State agencies did not always appropriately document that contract managers were independent of, and had no conflict of interest in, the entities whose contracts they were assigned to manage.</p> <p><b>Recommendation:</b> State agency management should ensure that documentation is maintained to demonstrate that contract managers are independent of, and have no conflict of interest in, the entities whose contracts they are assigned to manage.</p>	<p><b>Closed:</b> The Department completed the following: a) Incorporated the Attestation of No Conflict form into the contract routing documents with instruction that all contract managers need to sign the form regardless of the method of procurement or dollar value of the contract and place in their contract manager files for each agreement; b) Added more verbiage to the Contract Management Life Cycle Guide regarding relationships with providers and the requirement to sign an Attestation of No Conflict form, which is to be placed in the contract manager file for each agreement; c) Added more detailed information into the training slide deck for the DFS internal contract manager training; and d) Sent communications to all Division Directors and Contract Managers reminding them of contracting requirements.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-002 (...cont'd)	June, 2013	<i>Contract and Grant Management Processes at Selected State Agencies</i>	<p><b>Finding 7:</b> State agencies did not always document that sufficient contract monitoring had been performed in accordance with DFS and applicable State agency guidelines.</p> <p><b>Recommendation:</b> State agency management should ensure that contract monitoring activities are appropriately performed and documented in accordance with DFS guidance and applicable State agency policies and procedures.</p>	<p><b>Closed:</b> The Department added more detailed information into the training slide deck for the internal contract manager training and sent communications to all Division Directors and Contract Managers reminding them of contracting requirements. In addition, DFS enhanced its methodology for completing contract manager file reviews to result in more contract managers being reviewed and expanded coverage of the contracts managed by the contract manager.</p>	
			<p><b>Finding 8:</b> State agencies could not always demonstrate that contract payments were properly approved, supported by adequate documentation, or made in accordance with applicable contract terms and Chief Financial Officer (CFO) memoranda.</p> <p><b>Recommendation:</b> State agency management should ensure that contract payments are properly approved, adequately supported, and made in accordance with applicable contract terms and CFO memoranda.</p>	<p><b>Closed:</b> The Department implemented a formal process to ensure that the disbursement staff are verifying that the Contract Manager has approved the payment for both purchase orders and contracts.</p>	
			<p><b>Finding 9:</b> State agencies did not always document that sufficient grant monitoring had been performed in accordance with DFS and applicable State agency procedures.</p> <p><b>Recommendation:</b> State agency management should ensure that grant monitoring activities and grant manager independence are appropriately documented and that the monitoring results are timely communicated to the grantee.</p>	<p><b>Closed:</b> The Department completed the following: a) Incorporated the Attestation of No Conflict form into the contract routing documents with instruction that all grant managers need to sign the form regardless of the method of procurement or dollar value of the contract and place in their grant manager files for each agreement; b) Added more verbiage to the Contract Management Life Cycle Guide regarding relationships with providers and the requirement to sign an Attestation of No Conflict form, which is to be placed in the grant manager file for each agreement; c) Added more detailed information into the training slide deck for the DFS internal contract manager training; and d) Sent communications to all Division Directors and Grant Managers reminding them of contracting requirements.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-014	September, 2014	<i>Florida Accounting Information Resource Subsystem (FLAIR)</i>	<p><b>Finding 1:</b> The access privileges for some FLAIR users did not promote an appropriate separation of duties, restrict users to only those functions necessary for their assigned job duties, or provide for individual accountability.</p> <p><b>Recommendation:</b> The Department should limit user access privileges to data and IT resources to promote an appropriate separation of duties, restrict users to only those functions necessary for their assigned job duties, and provide for individual accountability. Additionally, the Department should only grant access privileges on an as-needed basis to those users who periodically need access for data comparison and troubleshooting issues.</p>	<b>Ongoing:</b> The Department removed unnecessary access privileges and continues to monitor access to ensure that it remains appropriate on an ongoing basis.	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-014 (...cont'd)	September, 2014	<i>Florida Accounting Information Resource Subsystem (FLAIR)</i>	<p><b>Finding 2:</b> Department procedures for the periodic review of access privileges need improvement.</p> <p><b>Recommendation:</b> The Department should improve procedures to include periodic reviews of all user access privileges to ensure that the privileges assigned are authorized and appropriate.</p>	<p><b>Ongoing:</b> The Department is currently evaluating access reviews to ensure all FLAIR related access is included in the review process.</p>	
			<p><b>Finding 3:</b> Department processes relating to the performance of periodic special reviews of agency-exempt invoice payment types need improvement. In addition, the Department did not have written procedures defining the periodic special review of agency-exempt invoices.</p> <p><b>Recommendation:</b> The Department should improve its processes relating to the performance of periodic special reviews of agency-exempt invoice payment types to ensure that agencies remain eligible to use Auto Pay and therefore exempt from post audits. In addition, the Department should establish written procedures defining the periodic special review of agency-exempt invoices.</p>	<p><b>Ongoing:</b> The Department updated its written procedures for the periodic and special review of agency-exempt invoices and incorporated the procedures into its fiscal year 2014/2015 Auto Pay Audit Plan.</p>	
			<p><b>Finding 4:</b> Certain security controls related to logical access and the protection of confidential and exempt information needed improvement.</p> <p><b>Recommendation:</b> The Department should improve certain security controls related to logical access and the protection of confidential and exempt information to ensure the confidentiality, integrity, and availability of Department data and IT resources.</p>	<p><b>Ongoing:</b> The Department addressed some of the areas noted and will continue to evaluate and address security controls, as appropriate.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-096	October, 2014	<i>Investment Accounting System (IAS) and Cash Management Subsystem (CMS)</i>	<p><b>Finding 1:</b> The access privileges of some users did not promote an appropriate separation of duties or restrict users to only those functions necessary for their assigned job duties related to IAS and CMS IT resources.</p> <p><b>Recommendation:</b> The Department should limit user access privileges to IAS and CMS IT resources to promote an appropriate separation of duties and to restrict users to only those functions necessary for their assigned job duties.</p>	<p><b>Closed:</b> Removal of the inappropriate access was completed on April 15, 2015. The Department continues to monitor access to the systems to ensure that it remains appropriate on an ongoing basis.</p>	
Auditor General Report No. 2015-096 (...cont'd)	October, 2014	<i>Investment Accounting System (IAS) and Cash Management Subsystem (CMS)</i>	<p><b>Finding 2:</b> Department procedures for the periodic review of CMS user access privileges need improvement.</p> <p><b>Recommendation:</b> The Department should improve the periodic review procedures of CMS user access privileges by including all CMS user roles assigned to ensure the continued appropriateness of CMS user access privileges.</p>	<p><b>Closed:</b> In February 2015, the monthly CMS user access review reports were enhanced to include assigned user roles.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			<p><b>Finding 3:</b> Program change controls need improvement to ensure that all program changes implemented into the IAS and CMS production environments were properly authorized.</p> <p><b>Recommendation:</b> The Department should implement a process to ensure that all program changes implemented into the IAS and CMS production environments are properly authorized.</p>	<p><b>Ongoing:</b> The Department is evaluating whether additional technological and process improvement options could be used to effectively augment the current monitoring of changes.</p>	
			<p><b>Finding 4:</b> Certain security controls related to IAS user authentication, security administration activity logging, and transaction logging need improvement.</p> <p><b>Recommendation:</b> The Department should implement appropriate security controls related to IAS user authentication, security administration activity logging, and transaction logging to ensure the continued confidentiality, integrity, and availability of IAS data and IT resources.</p>	<p><b>Ongoing:</b> The Department is evaluating technological and code modification options to effectively address, where possible, activity level logging for applications that currently do not possess this capability.</p>	
Auditor General Report No. 2015-166	June, 2014	<i>Compliance and Internal Controls Over Financial Reporting and Federal Awards</i>	<p><b>Finding 2014-046:</b> The Department paid amounts to a subgrantee in excess of documented costs. The Department also made payments to another subgrantee for expenditures incurred prior to the execution of the contract.</p> <p><b>Recommendation:</b> The Department should ensure subgrantee requests for reimbursement are made in accordance with OMB Circular A-87. The Department should only reimburse expenditures incurred during the applicable contract period.</p>	<p><b>Closed:</b> Hillsborough County and the City of Tampa reimbursed the Department who, in turn, reimbursed DEM for the amounts overpaid.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Auditor General Report No. 2015-181	February, 2015	<i>Automated Investigation Management System</i>	<p><b>Finding 1:</b> Some user access privileges to AIM data and related IT resources were not limited to only what was necessary in the performance of assigned job duties and did not promote an appropriate separation of duties or provide for individual accountability.</p> <p><b>Recommendation:</b> The Department should limit user access to AIM data and related IT resources to only access privileges that are necessary to perform assigned job duties, promote an appropriate separation of duties, and provide for individual accountability.</p>	<b>Ongoing:</b> The Department continues to address security controls, as appropriate.	
Auditor General Report No. 2015-181 (...cont'd)	February, 2015	<i>Automated Investigation Management System</i>	<p><b>Finding 2:</b> The Department had not conducted periodic reviews of the appropriateness of access privileges granted to AIM users.</p> <p><b>Recommendation:</b> The Department should ensure that reviews of the appropriateness of access privileges granted to AIM users are conducted as required by Department procedures to ensure the continued appropriateness of user access privileges.</p>	<b>Closed:</b> The Department has implemented quarterly reviews of access privileges granted to AIM users.	
			<p><b>Finding 3:</b> Certain security controls related to user authentication, logging, and review for AIM and related IT resources needed improvement.</p> <p><b>Recommendation:</b> The Department should implement appropriate security controls related to user authentication, logging, and review to ensure the continued confidentiality, integrity, and availability of AIM data and related IT resources.</p>	<b>Ongoing:</b> The Department continues to address security controls, as appropriate.	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Office of Inspector General Report No. IA 14-501A	December, 2014	<i>Division of Rehabilitation and Liquidation – Disbursement and Receipting Processes</i>	<p><b>Finding 1:</b> Certain staff duties related to the disbursement and receipting processes were not appropriately segregated to result in effective internal controls.</p> <p><b>Recommendation:</b> The Division of Rehabilitation and Liquidation (DRL) should review the position descriptions of all staff to ensure that they are current and that duties are assigned in a manner to reflect an appropriate segregation of duties. The DRL should consider centralizing its cash receipting function in Tallahassee and directing all payments to the Tallahassee office. Given the limited staffing in Miami, this may result in improved controls over DRL's receipting processes and increased efficiency in the Miami office since staff currently performing receipting functions will be able to focus their time on their core duties. Consideration should also be given to removing vendor/contract set-up functions from the Accounting Section. Alternatively, DRL could implement compensating controls such as a periodic review of the vendor file by an independent party.</p>	<p><b>Ongoing:</b></p> <p><b>Position Descriptions:</b> DRL position descriptions were reviewed during the annual performance reviews in October 2015.</p> <p><b>Centralization of Cash Receipting Analysis:</b> DRL approved the centralization of cash receipting functions to Tallahassee. Efforts to effect this change are in process.</p> <p><b>Vendor/Contract Setup:</b> A process for periodic review is in development.</p>	



REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Office of Inspector General Report No. IA 14-501A (...cont'd)	December, 2014	<i>Division of Rehabilitation and Liquidation – Disbursement and Receipting Processes</i>	<p><b>Finding 2:</b> The adequacy and effectiveness of DRL's internal controls related to its receipting process need strengthening to ensure that receipts are properly safeguarded and accurately recorded in the accounting records.</p> <p><b>Recommendation:</b> The DRL should revise its existing cash receipting and related policies and procedures to enhance controls designed to safeguard cash receipts, including those receipts subsequently returned to the sender. The DRL should undertake activities to increase staff awareness regarding internal controls and review its cash receipting processes in an effort to reduce the time it takes to deposit checks. The DRL may recognize efficiencies and improved internal controls by transferring Miami's cash receipting function to the Tallahassee office. In addition, controls should be strengthened to ensure that all receipts are properly and timely dispositioned (i.e., either deposited or returned to the sender), and that dispositions are accurately reflected in the cash receipts log. The cash receipts log should be routinely reconciled to ensure that discrepancies are timely and properly identified and resolved.</p>	<p><b>Ongoing:</b> The DRL revised its cash receipting and related policies and procedures taking steps to enhance controls which includes, but is not limited to:</p> <ol style="list-style-type: none"> <li>1. Safeguarding of keys.</li> <li>2. Restricting endorsement of all cash receipts upon receipt.</li> <li>3. Centralizing cash functions in Tallahassee.</li> <li>4. Reviewing and revising policies and procedures (P&amp;P).</li> <li>5. Revising P&amp;P for checks returned to DRL.</li> <li>6. Reconciling and review of check logs.</li> </ol> <p>The Accounting Director and Accounting Manager are currently participating in refresher webinars/courses on internal controls/best practices. Mandatory training for accounting staff with cash-handling duties is anticipated to occur in mid-May 2016.</p>	
			<p><b>Finding 3:</b> Internal controls related to DRL's blank check stock did not sufficiently ensure that the check stock was properly safeguarded.</p> <p><b>Recommendation:</b> The DRL should enhance its policies and procedures to more effectively ensure that access to its blank check stock is properly restricted and the check stock is safeguarded. Additionally, the DRL should consider ordering check stock that has an "inventory" number pre-printed on the back of the check. Having such blank check stock and requiring the key log to denote how many blank checks are removed by a certain person, at a certain time, lends itself to periodic blank check stock reconciliations that would provide another means to safeguard this asset and discourage fraud.</p>	<p><b>Ongoing:</b></p> <p><b><u>Blank Check Stock</u></b> Blank check stock is secured in a locking file cabinet with restricted key access by the AP Accounting Manager. Stock is dispensed by the AP Accounting Manager upon presentation of Check Preview (AIS system generated report includes user/staff name) for exact count. A log is kept by the AP Accounting Manager showing the date, quantity, batch numbers, and link to the Check Register. The log is periodically audited by staff outside of Accounting.</p> <p><b><u>Cost/Benefit for Pre-Numbered Check Stock</u></b> An analysis is currently in process by the AP Accounting Manager.</p>	

REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
Office of Inspector General Report No. IA 14-501A (...cont'd)	December, 2014	<i>Division of Rehabilitation and Liquidation – Disbursement and Receipting Processes</i>	<p><b>Finding 4:</b> The procedures utilized to process DRL-issued checks, which are subsequently returned to DRL, were not sufficient to ensure that the checks were adequately safeguarded.</p> <p><b>Recommendation:</b> The DRL should enhance its written policies and procedures to address DRL-issued checks, which are subsequently returned to DRL. Current procedures should be strengthened by requiring: 1) a periodic supervisory review and approval of the Returned Check Log; 2) a periodic reconciliation of the signed General Services Logs with the Returned Check Log and the physical copies of the voided checks by a person independent of the returned check process; 3) that returned checks be promptly voided in the accounting system upon receipt; and 4) that adequate documentation be maintained for an appropriate period of time.</p>	<p><b>Ongoing:</b>  <u>Periodic Review of Returned Check Log</u>  An audit of the returned checks is currently being performed by the Administrative Assistant in the Director's Office.</p> <p><u>Periodic Reconciliation</u>  A periodic reconciliation will be incorporated into the process above for the Returned Check Log audits.</p> <p><u>Prompt Voids in AIS</u>  All returned checks are promptly marked "Void" upon receipt and are voided in the AIS system as soon thereafter as possible. The Void batch number and date are recorded on the returned check log and are a part of the check log audit.</p> <p><u>Adequate Documentation</u>  Documentation will be stored in DRL's document management system and follow the published retention schedule.</p>	
			<p><b>Finding 5:</b> Procedures related to maintenance of bank signature authorities were not adequate to ensure that signature authorities were timely and properly updated.</p> <p><b>Recommendation:</b> The DRL should enhance its policies and procedures to ensure that bank signature authorities are timely and properly removed and pertinent DRL staff is timely notified of the changes.</p>	<p><b>Ongoing:</b>  <u>Amend P&amp;P for Removal of Bank Signatures</u>  This was completed 1/29/16 by revision to DRL Policy and Procedure R3-1.1 Relationships with Financial Institutions-Receiver Operating and Distribution Accounts.</p> <p><u>Check Signature Pool</u>  Compliance initiated 12-1-2015.</p>	

**SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS**

**Budget Period: 2017 - 2018**

**Department:** Office of Insurance Regulation

**Chief Internal Auditor:** Bonnie Deering

**Budget Entity:** 43900120

**Phone Number:** 850-413-4975

(1) REPORT NUMBER	(2) PERIOD ENDING	(3) UNIT/AREA	(4) SUMMARY OF FINDINGS AND RECOMMENDATIONS	(5) SUMMARY OF CORRECTIVE ACTION TAKEN	(6) ISSUE CODE
AUD-13/14-069	12/19/2014	Audit of OIR Revenue Generating Points	<p><b>Finding 1:</b> Office business units were actively involved in the revenue process. Office business units performed key duties and responsibilities within the normal course of operations that ultimately generated, or had the potential to generate, revenue for the Office. However, the Office's revenue practices were inconsistently applied and internal controls were, for the most part, inadequate due to an unduly decentralized revenue process.</p> <p><i>It is recommended that the Office take the necessary steps to improve the revenue process by eliminating duplication of efforts, enforcing consistent practices, and implementing necessary internal controls. OIR may consider centralizing the revenue process (i.e., invoice generation, record keeping, and monitoring), while implementing safeguards to address segregation of duty concerns.</i></p>	<p><b>Corrective Action 1:</b> The Chief of Staff's (COS) Office has reviewed the invoicing processes deployed within various business units. Given the overall complexity involving multiple revenue sources, the COS Office has developed a multiphase approach and continues to work with the business units to eliminate any duplication of efforts, create and enforce consistent practices, and develop standardized internal controls.</p>	
AUD-13/14-069	12/19/2014	Audit of OIR Revenue Generating Points	<p><b>Finding 2:</b> LHFO and PCFO units did not adequately segregate duties over the revenue generated, collected, and recorded for certificates of compliance and deposits.</p> <p><i>It is recommended that the Office segregate key duties and responsibilities within the revenue process. If segregation is not possible due to resource limitations, we recommend OIR identify and implement compensating controls to mitigate the associated risk.</i></p>	<p><b>Corrective Action 2:</b> The Office has reviewed the process and determined in this instance that resource limitations do not allow for segregated duties. Accordingly, the Office continues to work towards implementing compensating controls in this area.</p>	

AUD-13/14-069	12/19/2014	Audit of OIR Revenue Generating Points	<p><b>Finding 3:</b> The Office has established accounting codes to facilitate the recording of revenue by the type of revenue activity and the business unit associated with each revenue activity. However, the Office did not fully utilize the available codes and did not apply codes most reasonably associated with the types of revenue activities.</p> <p><i>It is recommended that the Office review and update its accounting codes to facilitate the proper recording of revenue activity (RSC category) by business unit (organization code).</i></p>	<p><b>Corrective Action 3:</b> The Office has reviewed the accounting codes for types of revenue activities (RSC) and revised as appropriate. The Office continues to review the organization codes for appropriateness and will revise as necessary.</p>	
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**SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS**

**Budget Period: 2015 - 16**

**Department:** Office of Financial Regulation

**Chief Internal Auditor:** Karen Fisher, Inspector General

43900540 - Bureau of Financial Investigations  
43900550 - Executive Direction

**Budget Entity:** 43900560 - Division of Consumer Finance

**Phone Number:** (850) 410-9712

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF TAKEN	ISSUE CODE
Auditor General Report 2016-196	30-Jun-16	Bureau of Financial Investigations	<p>Bureau investigations records were not always complete and the Bureau did not always sufficiently document case review and approval activities in accordance with established procedures.</p> <p><b>Recommendation:</b> Bureau management should ensure that REAL system records include all required documentation prior to closing investigations. Bureau management should also update the Standards to address documentation of case review meetings with Office attorneys and the recording of approvals of reports of investigations and closing reports within the REAL system.</p>	Six-month follow-up will be performed in November 2016.	
Auditor General Report 2016-196	30-Jun-16	Bureau of Financial Investigations	<p>The Bureau did not always accurately record complaint information in the REAL system, appropriately acknowledge the receipt of complaints, or timely process complaints.</p> <p><b>Recommendation:</b> Bureau management should ensure that complaint review activities and complaint closure reasons are appropriately recorded in the REAL system in accordance with Standards. Also Bureau management should enhance the Standards to include requirements for documenting complaint acknowledgments in REAL system and a time frame for reviewing complaints.</p>	Six-month follow-up will be performed in November 2016.	
Auditor General Report 2016-196	30-Jun-16	Bureau of Financial Investigations	<p>Quarterly case reviews designed to ensure that investigations complied with investigative standards, policies, and operational memoranda were not adequately documented.</p>	Six-month follow-up will be performed in November 2016.	

			<p><b><u>Recommendation:</u></b> Bureau management should revise the Standards to specify the manner in which quarterly case reviews are to be conducted and documented.</p>		
Auditor General Report 2016-196	30-Jun-16	Bureau of Financial Investigations	<p>The Bureau did not conduct periodic inventories of evidence rooms.</p> <p><b><u>Recommendation:</u></b> Bureau management should ensure that periodic inventories of all evidence rooms are conducted by personnel independent of the evidence inventory record and custodial functions and that the results are timely reconciled to evidence logs.</p>	Six-month follow-up will be performed in November 2016.	
Auditor General Report 2016-196	30-Jun-16	Executive Direction and Support Services	<p>The Office did not make or obtain an independent and periodic assessment of the effectiveness of relevant contractor controls for the REAL system.</p> <p><b><u>Recommendation:</u></b> Because of the critical nature of the REAL system data, Office management should make or obtain an independent and periodic assessment of the contractor's relevant internal controls, including documentation to support that required level 2 screenings of contractor employees are performed.</p>	Six-month follow-up will be performed in November 2016.	
Auditor General Report 2016-196	30-Jun-16	Executive Direction and Support Services	<p>REAL system controls need improvement to ensure that user access privileges are limited to only those necessary for the user's assigned job responsibilities and to demonstrate that user access privileges are timely deactivated upon a user's separation from Office or contractor employment.</p> <p><b><u>Recommendation:</u></b> Office management should document the access privileges associated with each established REAL system user access role and ensure that periodic reviews of user access privileges are performed and documented in accordance with Office policies and procedures. Office management should also enhance procedures to ensure that REAL system user access privileges are timely deactivated upon an employee's separation from Office or contracted employment and that such deactivation be appropriately documented.</p>	Six-month follow-up will be performed in November 2016.	
Auditor General Report 2016-196	30-Jun-16	Executive Direction and Support Services	<p>Certain security controls related to the logging and deleting of files in the REAL system need improvement to better protect the confidentiality, integrity, and availability of REAL system data and IT resources.</p>	Six-month follow-up will be performed in November 2016.	

			<p><b><u>Recommendation:</u></b> Office management should strengthen certain security controls related to the logging and deleting of files to ensure the continued confidentiality, integrity, and availability of REAL system data and related IT resources.</p>		
Auditor General Report 2016-196	30-Jun-16	Division of Consumer Finance	<p>The Office did not ensure that all referrals for investigation were appropriately submitted to the Department of Financial Services, Division of Insurance Fraud, or were recorded in the REAL system.</p> <p><b><u>Recommendation:</u></b> Office management should take appropriate actions to ensure that all referrals are appropriately sent to the Division and accurately identified in the REAL system.</p>	Six-month follow-up will be performed in November 2016.	
Auditor General Report 2016-196	30-Jun-16	Division of Consumer Finance	<p><b><u>Follow-Up to Auditor General Report 2013-031:</u></b> As similarly noted in report 2013-031, Office records for commercial collection agency renewal registrations did not always include all the information required by State law.</p> <p><b><u>Recommendations:</u></b> Office management should take steps to ensure that all requirements of State law are satisfied by commercial collection agencies prior to issuing renewal registrations.</p>	Six-month follow-up will be performed in November 2016.	

# Fiscal Year 2017-18 LBR Technical Review Checklist

Department/Budget Entity (Service): FINANCIAL SERVICES (Not including OIR nor OFR)
Agency Budget Officer/OPB Analyst Name: Teri Madsen

A "Y" indicates "YES" and is acceptable, an "N/J" indicates "NO/Justification Provided" - these require further explanation/justification (additional sheets can be used as necessary), and "TIPS" are other areas to consider.

Action	Program or Service (Budget Entity Codes)				
	43010	43100	43200	43300	43400

## 1. GENERAL

1.1 Are Columns A01, A02, A04, A05, A23, A24, A25, A36, A93, IA1, IA5, IA6, IP1, IV1, IV3 and NV1 set to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status for both the Budget and Trust Fund columns (no trust fund files for narrative columns)? Are Columns A06, A07, A08 and A09 for Fixed Capital Outlay (FCO) set to TRANSFER CONTROL for DISPLAY status only (UPDATE status remains on OWNER)? <b>(CSDI)</b>	Y	Y	Y	Y	Y
1.2 Is Column A03 set to TRANSFER CONTROL for DISPLAY and UPDATE status for both the Budget and Trust Fund columns? <b>(CSDI)</b>	Y	Y	Y	Y	Y

### AUDITS:

1.3 Has Column A03 been copied to Column A12? Run the Exhibit B Audit Comparison Report to verify. <b>(EXBR, EXBA)</b>	Y	Y	Y	Y	Y
1.4 Has security been set correctly to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status? <b>(CSDR, CSA)</b>	Y	Y	Y	Y	Y
<b>TIP</b> The agency should prepare the budget request for submission in this order: 1) Lock columns as described above; 2) copy Column A03 to Column A12; and 3) set Column A12 column security to ALL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status. <b>A security control feature has been added to the LAS/PBS Web upload process that will require columns to be in the proper status before uploading.</b>					

## 2. EXHIBIT A (EADR, EXA)

2.1 Is the budget entity authority and description consistent with the agency's LRPP and does it conform to the directives provided on page 59 of the LBR Instructions?	Y	Y	Y	Y	Y
2.2 Are the statewide issues generated systematically (estimated expenditures, nonrecurring expenditures, etc.) included?	Y	Y	Y	Y	Y
2.3 Are the issue codes and titles consistent with <i>Section 3</i> of the LBR Instructions (pages 15 through 29)? Do they clearly describe the issue?	Y	Y	Y	Y	Y

## 3. EXHIBIT B (EXBR, EXB)

3.1 Is it apparent that there is a fund shift where an appropriation category's funding source is different between A02 and A03? Were the issues entered into LAS/PBS correctly? Check D-3A funding shift issue 340XXX0 - a unique deduct and unique add back issue should be used to ensure fund shifts display correctly on the LBR exhibits.	N/A	N/A	N/A	N/A	N/A
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### AUDITS:

3.2 Negative Appropriation Category Audit for Agency Request (Columns A03 and A04): Are all appropriation categories positive by budget entity at the FSI level? Are all nonrecurring amounts less than requested amounts? <b>(NACR, NAC - Report should print "No Negative Appropriation Categories Found")</b>	Y	Y	Y	Y	Y
3.3 Current Year Estimated Verification Comparison Report: Is Column A02 equal to Column B07? <b>(EXBR, EXBC - Report should print "Records Selected Net To Zero")</b>	Y	Y	Y	Y	Y
<b>TIP</b> Generally look for and be able to fully explain significant differences between A02 and A03.					
<b>TIP</b> Exhibit B - A02 equal to B07: Compares Current Year Estimated column to a backup of A02. This audit is necessary to ensure that the historical detail records have not been adjusted. Records selected should net to zero.					



Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
TIP	Requests for appropriations which require advance payment authority must use the sub-title "Grants and Aids". For advance payment authority to local units of government, the Aid to Local Government appropriation category (05XXXX) should be used. For advance payment authority to non-profit organizations or other units of state government, a Special Categories appropriation category (10XXXX) should be used.					
<b>4. EXHIBIT D (EADR, EXD)</b>						
4.1	Is the program component objective statement consistent with the agency LRPP, and does it conform to the directives provided on page 62 of the LBR Instructions?	Y	Y	Y	Y	Y
4.2	Is the program component code and title used correct?	Y	Y	Y	Y	Y
TIP	Fund shifts or transfers of services or activities between program components will be displayed on an Exhibit D whereas it may not be visible on an Exhibit A.					
<b>5. EXHIBIT D-1 (ED1R, EXD1)</b>						
5.1	Are all object of expenditures positive amounts? (This is a manual check.)	Y	Y	Y	Y	Y
<b>AUDITS:</b>						
5.2	Do the fund totals agree with the object category totals within each appropriation category? ( <b>ED1R, XD1A - Report should print "No Differences Found For This Report"</b> )	Y	Y	Y	Y	Y
5.3	FLAIR Expenditure/Appropriation Ledger Comparison Report: Is Column A01 less than Column B04? ( <b>EXBR, EXBB - Negative differences [with a \$5,000 allowance] need to be corrected in Column A01.</b> )	Y	Y	Y	Y	Y
5.4	A01/State Accounts Disbursements and Carry Forward Comparison Report: Does Column A01 equal Column B08? ( <b>EXBR, EXBD - Differences [with a \$5,000 allowance at the department level] need to be corrected in Column A01.</b> )	Y	Y	Y	Y	Y
TIP	If objects are negative amounts, the agency must make adjustments to Column A01 to correct the object amounts. In addition, the fund totals must be adjusted to reflect the adjustment made to the object data.					
TIP	If fund totals and object totals do not agree or negative object amounts exist, the agency must adjust Column A01.					
TIP	Exhibit B - A01 less than B04: This audit is to ensure that the disbursements and carry/certifications forward in A01 are less than FY 2015-16 approved budget. Amounts should be positive.					
TIP	If B08 is not equal to A01, check the following: 1) the initial FLAIR disbursements or carry forward data load was corrected appropriately in A01; 2) the disbursement data from departmental FLAIR was reconciled to State Accounts; and 3) the FLAIR disbursements did not change after Column B08 was created.					
<b>6. EXHIBIT D-3 (ED3R, ED3) (Not required to be submitted in the LBR - for analytical purposes only.)</b>						
6.1	Are issues appropriately aligned with appropriation categories?	Y	Y	Y	Y	Y
TIP	Exhibit D-3 is no longer required in the budget submission but may be needed for this particular appropriation category/issue sort. Exhibit D-3 is also a useful report when identifying negative appropriation category problems.					
<b>7. EXHIBIT D-3A (EADR, ED3A)</b>						
7.1	Are the issue titles correct and do they clearly identify the issue? (See pages 15 through 29 of the LBR Instructions.)	Y	Y	Y	Y	Y
7.2	Does the issue narrative adequately explain the agency's request and is the explanation consistent with the LRPP? (See pages 67 through 69 of the LBR Instructions.)	Y	Y	Y	Y	Y
7.3	Does the narrative for Information Technology (IT) issue follow the additional narrative requirements described on pages 69 through 72 of the LBR Instructions?	Y	Y	Y	Y	Y

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
7.4	Are all issues with an IT component identified with a "Y" in the "IT COMPONENT?" field? If the issue contains an IT component, has that component been identified and documented?	Y	Y	Y	Y	Y
7.5	Does the issue narrative explain any variances from the Standard Expense and Human Resource Services Assessments package? Is the nonrecurring portion in the nonrecurring column? (See pages E.4 through E.6 of the LBR Instructions.)	Y	Y	Y	Y	Y
7.6	Does the salary rate request amount accurately reflect any new requests and are the amounts proportionate to the Salaries and Benefits request? Note: Salary rate should always be annualized.	Y	Y	Y	Y	Y
7.7	Does the issue narrative thoroughly explain/justify all Salaries and Benefits amounts entered into the Other Salary Amounts transactions (OADA/C)? Amounts entered into OAD are reflected in the Position Detail of Salaries and Benefits section of the Exhibit D-3A.	Y	Y	Y	Y	Y
7.8	Does the issue narrative include the Consensus Estimating Conference forecast, where appropriate?	Y	Y	Y	Y	Y
7.9	Does the issue narrative reference the specific county(ies) where applicable?	Y	Y	Y	Y	Y
7.10	Do the 160XXX0 issues reflect budget amendments that have been approved (or in the process of being approved) and that have a recurring impact (including Lump Sums)? Have the approved budget amendments been entered in Column A18 as instructed in Memo #17-001?	Y	Y	Y	Y	Y
7.11	When appropriate are there any 160XXX0 issues included to delete positions placed in reserve in the OPB Position and Rate Ledger (e.g. unfunded grants)? Note: Lump sum appropriations not yet allocated should <u>not</u> be deleted. <b>(PLRR, PLMO)</b>	Y	Y	Y	Y	Y
7.12	Does the issue narrative include plans to satisfy additional space requirements when requesting additional positions?	Y	Y	Y	Y	Y
7.13	Has the agency included a 160XXX0 issue and 210XXXX and 260XXX0 issues as required for lump sum distributions?	Y	Y	Y	Y	Y
7.14	Do the amounts reflect appropriate FSI assignments?	Y	Y	Y	Y	Y
7.15	Are the 33XXXX0 issues negative amounts only and do not restore nonrecurring cuts from a prior year or fund any issues that net to a positive or zero amount? Check D-3A issues 33XXXX0 - a unique issue should be used for issues that net to zero or a positive amount.	Y	Y	Y	Y	Y
7.16	Do the issue codes relating to special <i>salary and benefits</i> issues (e.g., position reclassification, pay grade adjustment, overtime/on-call pay, etc.) have an "A" in the fifth position of the issue code (XXXXAXX) and are they self-contained (not combined with other issues)? (See pages 28 and 90 of the LBR Instructions.)	Y	Y	Y	Y	Y
7.17	Do the issues relating to <i>Information Technology (IT)</i> have a "C" in the sixth position of the issue code (36XXXXCX) and are the correct issue codes used (361XXC0, 362XXC0, 363XXC0, 17C01C0, 17C02C0, 17C03C0, 24010C0, 33001C0, 30010C0, 33011C0, 160E470, 160E480 or 55C01C0)?	Y	Y	Y	Y	Y
7.18	Are the issues relating to <i>major audit findings and recommendations</i> properly coded (4A0XXX0, 4B0XXX0)?	Y	Y	Y	Y	Y
7.19	Does the issue narrative identify the strategy or strategies in the Five Year Statewide Strategic Plan for Economic Development?	Y	Y	Y	Y	Y
<b>AUDIT:</b>						
7.20	Are all FSI's equal to '1', '2', '3', or '9'? There should be no FSI's equal to '0'. <b>(EADR, FSIA - Report should print "No Records Selected For Reporting")</b>	Y	Y	Y	Y	Y
7.21	Does the General Revenue for 160XXXX (Adjustments to Current Year Expenditures) issues net to zero? <b>(GENR, LBR1)</b>	Y	Y	Y	Y	Y
7.22	Does the General Revenue for 180XXXX (Intra-Agency Reorganizations) issues net to zero? <b>(GENR, LBR2)</b>	Y	Y	Y	Y	Y
7.23	Does the General Revenue for 200XXXX (Estimated Expenditures Realignment) issues net to zero? <b>(GENR, LBR3)</b>	Y	Y	Y	Y	Y

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
7.24	Have FCO appropriations been entered into the nonrecurring column (A04)? ( <b>GENR, LBR4 - Report should print "No Records Selected For Reporting" or a listing of D-3A issue(s) assigned to Debt Service (IOE N) or in some cases State Capital Outlay - Public Education Capital Outlay (IOE L)</b> )	Y	Y	Y	Y	Y
TIP	Salaries and Benefits amounts entered using the OADA/C transactions must be thoroughly justified in the D-3A issue narrative. Agencies can run <b>OADA/OADR</b> from STAM to identify the amounts entered into OAD and ensure these entries have been thoroughly explained in the D-3A issue narrative.					
TIP	The issue narrative must completely and thoroughly explain and justify each D-3A issue. Agencies must ensure it provides the information necessary for the OPB and legislative analysts to have a complete understanding of the issue submitted. Thoroughly review pages 67 through 71 of the LBR Instructions.					
TIP	Check BAPS to verify status of budget amendments. Check for reapprovals not picked up in the General Appropriations Act. Verify that Lump Sum appropriations in Column A02 do not appear in Column A03. Review budget amendments to verify that 160XXX0 issue amounts correspond accurately and net to zero for General Revenue funds.					
TIP	If an agency is receiving federal funds from another agency the FSI should = 9 (Transfer - Recipient of Federal Funds). The agency that originally receives the funds directly from the federal agency should use FSI = 3 (Federal Funds).					
TIP	If a state agency needs to include in its LBR a realignment or workload request issue to align its data processing services category with its projected FY 2017-18 data center costs, this can be completed by using the State Data Center data processing services category (210001).					
TIP	If an appropriation made in the FY 2016-17 General Appropriations Act duplicates an appropriation made in substantive legislation, the agency must create a unique deduct nonrecurring issue to eliminate the duplicated appropriation. Normally this is taken care of through line item veto.					
<b>8. SCHEDULE I &amp; RELATED DOCUMENTS (SC1R, SC1 - Budget Entity Level or SC1R, SC1D - Department Level)</b>						
8.1	Has a separate department level Schedule I and supporting documents package been submitted by the agency?	Y	Y	Y	Y	Y
8.2	Has a Schedule I and Schedule IB been completed in LAS/PBS for each operating trust fund?	Y	Y	Y	Y	Y
8.3	Have the appropriate Schedule I supporting documents been included for the trust funds (Schedule IA, Schedule IC, and Reconciliation to Trial Balance)?	Y	Y	Y	Y	Y
8.4	Have the Examination of Regulatory Fees Part I and Part II forms been included for the applicable regulatory programs?	Y	Y	Y	Y	Y
8.5	Have the required detailed narratives been provided (5% trust fund reserve narrative; method for computing the distribution of cost for general management and administrative services narrative; adjustments narrative; revenue estimating methodology narrative; fixed capital outlay adjustment narrative)?	Y	Y	Y	Y	Y
8.6	Has the Inter-Agency Transfers Reported on Schedule I form been included as applicable for transfers totaling \$100,000 or more for the fiscal year?	Y	Y	Y	Y	Y
8.7	If the agency is scheduled for the annual trust fund review this year, have the Schedule ID and applicable draft legislation been included for recreation, modification or termination of existing trust funds?	Y	Y	Y	Y	Y
8.8	If the agency is scheduled for the annual trust fund review this year, have the necessary trust funds been requested for creation pursuant to section 215.32(2)(b), Florida Statutes - including the Schedule ID and applicable legislation?	Y	Y	Y	Y	Y

Action	Program or Service (Budget Entity Codes)				
	43010	43100	43200	43300	43400
8.9 Are the revenue codes correct? In the case of federal revenues, has the agency appropriately identified direct versus indirect receipts (object codes 000700, 000750, 000799, 001510 and 001599)? For non-grant federal revenues, is the correct revenue code identified (codes 000504, 000119, 001270, 001870, 001970)?	Y	Y	Y	Y	Y
8.10 Are the statutory authority references correct?	Y	Y	Y	Y	Y
8.11 Are the General Revenue Service Charge percentage rates used for each revenue source correct? (Refer to section 215.20, Florida Statutes, for appropriate General Revenue Service Charge percentage rates.)	Y	Y	Y	Y	Y
8.12 Is this an accurate representation of revenues based on the most recent Consensus Estimating Conference forecasts?	Y	Y	Y	Y	Y
8.13 If there is no Consensus Estimating Conference forecast available, do the revenue estimates appear to be reasonable?	Y	Y	Y	Y	Y
8.14 Are the federal funds revenues reported in Section I broken out by individual grant? Are the correct CFDA codes used?	Y	Y	Y	Y	Y
8.15 Are anticipated grants included and based on the state fiscal year (rather than federal fiscal year)?	Y	Y	Y	Y	Y
8.16 Are the Schedule I revenues consistent with the FST's reported in the Exhibit D-3A?	Y	Y	Y	Y	Y
8.17 If applicable, are nonrecurring revenues entered into Column A04?	Y	Y	Y	Y	Y
8.18 Has the agency certified the revenue estimates in columns A02 and A03 to be the latest and most accurate available? Does the certification include a statement that the agency will notify OPB of any significant changes in revenue estimates that occur prior to the Governor's Budget Recommendations being issued?	Y	Y	Y	Y	Y
8.19 Is a 5% trust fund reserve reflected in Section II? If not, is sufficient justification provided for exemption? Are the additional narrative requirements provided?	Y	Y	Y	Y	Y
8.20 Are appropriate General Revenue Service Charge nonoperating amounts included in Section II?	Y	Y	Y	Y	Y
8.21 Are nonoperating expenditures to other budget entities/departments cross-referenced accurately?	Y	Y	Y	Y	Y
8.22 Do transfers balance between funds (within the agency as well as between agencies)? (See also 8.6 for required transfer confirmation of amounts totaling \$100,000 or more.)	Y	Y	Y	Y	Y
8.23 Are nonoperating expenditures recorded in Section II and adjustments recorded in Section III?	Y	Y	Y	Y	Y
8.24 Are prior year September operating reversions appropriately shown in column A01?	Y	Y	Y	Y	Y
8.25 Are current year September operating reversions appropriately shown in column A02?	Y	Y	Y	Y	Y
8.26 Does the Schedule IC properly reflect the unreserved fund balance for each trust fund as defined by the LBR Instructions, and is it reconciled to the agency accounting records?	Y	Y	Y	Y	Y
8.27 Has the agency properly accounted for continuing appropriations (category 13XXXX) in column A01, Section III?	Y	Y	Y	Y	Y
8.28 Does Column A01 of the Schedule I accurately represent the actual prior year accounting data as reflected in the agency accounting records, and is it provided in sufficient detail for analysis?	Y	Y	Y	Y	Y
8.29 Does Line I of Column A01 (Schedule I) equal Line K of the Schedule IC?	Y	Y	Y	Y	Y
<b>AUDITS:</b>					
8.30 Is Line I a positive number? (If not, the agency must adjust the budget request to eliminate the deficit).	Y	Y	Y	Y	Y
8.31 Is the June 30 Adjusted Unreserved Fund Balance (Line I) equal to the July 1 Unreserved Fund Balance (Line A) of the following year? If a Schedule IB was prepared, do the totals agree with the Schedule I, Line I? (SC1R, SC1A - Report should print "No Discrepancies Exist For This Report")	Y	Y	Y	Y	Y

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
8.32	Has a Department Level Reconciliation been provided for each trust fund and does Line A of the Schedule I equal the CFO amount? If not, the agency must correct Line A. <b>(SC1R, DEPT)</b>	Y	Y	Y	Y	Y
8.33	Has a Schedule IB been provided for ALL trust funds having an unreserved fund balance in columns A01, A02 and/or A03, and if so, does each column's total agree with line I?	Y	Y	Y	Y	Y
8.34	Have A/R been properly analyzed and any allowances for doubtful accounts been properly recorded on the Schedule IC?	Y	Y	Y	Y	Y
TIP	The Schedule I is the most reliable source of data concerning the trust funds. It is very important that this schedule is as accurate as possible!					
TIP	Determine if the agency is scheduled for trust fund review. (See page 130 of the LBR Instructions.) Transaction DFTR in LAS/PBS is also available and provides an LBR review date for each trust fund.					
TIP	Review the unreserved fund balances and compare revenue totals to expenditure totals to determine and understand the trust fund status.					
TIP	Typically nonoperating expenditures and revenues should not be a negative number. Any negative numbers must be fully justified.					
<b>9. SCHEDULE II (PSCR, SC2)</b>						
AUDIT:						
9.1	Is the pay grade minimum for salary rate utilized for positions in segments 2 and 3? <b>(BRAR, BRAA - Report should print "No Records Selected For This Request")</b> Note: Amounts other than the pay grade minimum should be fully justified in the D-3A issue narrative. (See <i>Base Rate Audit</i> on page 161 of the LBR Instructions.)	Y	Y	Y	Y	Y
<b>10. SCHEDULE III (PSCR, SC3)</b>						
10.1	Is the appropriate lapse amount applied? (See page 92 of the LBR Instructions.)	Y	Y	Y	Y	Y
10.2	Are amounts in <i>Other Salary Amount</i> appropriate and fully justified? (See page 99 of the LBR Instructions for appropriate use of the OAD transaction.) Use <b>OADI</b> or <b>OADR</b> to identify agency other salary amounts requested.	Y	Y	Y	Y	Y
<b>11. SCHEDULE IV (EADR, SC4)</b>						
11.1	Are the correct Information Technology (IT) issue codes used?	Y	Y	Y	Y	Y
TIP	If IT issues are not coded (with "C" in 6th position or within a program component of 1603000000), they will not appear in the Schedule IV.					
<b>12. SCHEDULE VIIIA (EADR, SC8A)</b>						
12.1	Is there only one #1 priority, one #2 priority, one #3 priority, etc. reported on the Schedule VIII-A? Are the priority narrative explanations adequate? Note: FCO issues can now be included in the priority listing.	Y	Y	Y	Y	Y
<b>13. SCHEDULE VIIIB-1 (EADR, S8B1)</b>						
13.1	<b>NOT REQUIRED FOR THIS YEAR</b>	-	-	-	-	-
<b>14. SCHEDULE VIIIB-2 (EADR, S8B2)</b>						
14.1	Do the reductions comply with the instructions provided on pages 104 through 106 of the LBR Instructions regarding a 10% reduction in recurring General Revenue and Trust Funds, including the verification that the 33BXXX0 issue has NOT been used?	Y	Y	Y	Y	Y
<b>15. SCHEDULE VIIIC (EADR, S8C)</b> <b>(LAS/PBS Web - see page 107-109 of the LBR Instructions for detailed instructions)</b>						
15.1	Agencies are required to generate this schedule via the LAS/PBS Web.	Y	Y	Y	Y	Y
15.2	Does the schedule include at least three and no more than 10 unique reprioritization issues, in priority order? Manual Check.	Y	Y	Y	Y	Y
15.3	Does the schedule display reprioritization issues that are each comprised of two unique issues - a deduct component and an add-back component which net to zero at the department level?	Y	Y	Y	Y	Y

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
15.4	Are the priority narrative explanations adequate and do they follow the guidelines on pages 107-109 of the LBR instructions?	Y	Y	Y	Y	Y
15.5	Does the issue narrative in A6 address the following: Does the state have the authority to implement the reprioritization issues independent of other entities (federal and local governments, private donors, etc.)? Are the reprioritization issues an allowable use of the recommended funding source?	Y	Y	Y	Y	Y
<b>AUDIT:</b>						
15.6	Do the issues net to zero at the department level? ( <b>GENR, LBR5</b> )	N	N	N	N	N
<b>16. SCHEDULE XI (USCR,SCXI) (LAS/PBS Web - see page 110-114 of the LBR Instructions for detailed instructions)</b>						
16.1	Agencies are required to generate this spreadsheet via the LAS/PBS Web. <b>The Final Excel version no longer has to be submitted to OPB for inclusion on the Governor's Florida Performs Website.</b> (Note: Pursuant to section 216.023(4) (b), Florida Statutes, the Legislature can reduce the funding level for any agency that does not provide this information.)	Y	Y	Y	Y	Y
16.2	Do the PDF files uploaded to the Florida Fiscal Portal for the LRPP and LBR match?	Y	Y	Y	Y	Y
<b>AUDITS INCLUDED IN THE SCHEDULE XI REPORT:</b>						
16.3	Does the FY 2015-16 Actual (prior year) Expenditures in Column A36 reconcile to Column A01? ( <b>GENR, ACT1</b> )	Y	Y	Y	Y	Y
16.4	None of the executive direction, administrative support and information technology statewide activities (ACT0010 thru ACT0490) have output standards (Record Type 5)? ( <b>Audit #1 should print "No Activities Found"</b> )	Y	Y	Y	Y	Y
16.5	Does the Fixed Capital Outlay (FCO) statewide activity (ACT0210) only contain 08XXXX or 14XXXX appropriation categories? ( <b>Audit #2 should print "No Operating Categories Found"</b> )	Y	Y	Y	Y	Y
16.6	Has the agency provided the necessary standard (Record Type 5) for all activities which <u>should</u> appear in Section II? (Note: <b>Audit #3</b> will identify those activities that do NOT have a Record Type '5' and have not been identified as a 'Pass Through' activity. These activities will be displayed in Section III with the 'Payment of Pensions, Benefits and Claims' activity and 'Other' activities. Verify if these activities should be displayed in Section III. If not, an output standard would need to be added for that activity and the Schedule XI submitted again.)	Y	Y	Y	Y	Y
16.7	Does Section I (Final Budget for Agency) and Section III (Total Budget for Agency) equal? ( <b>Audit #4 should print "No Discrepancies Found"</b> )	Y	Y	Y	Y	Y
TIP	If Section I and Section III have a small difference, it may be due to rounding and therefore will be acceptable.					
<b>17. MANUALLY PREPARED EXHIBITS &amp; SCHEDULES</b>						
17.1	Do exhibits and schedules comply with LBR Instructions (pages 115 through 158 of the LBR Instructions), and are they accurate and complete?	Y	Y	Y	Y	Y
17.2	Does manual exhibits tie to LAS/PBS where applicable?	Y	Y	Y	Y	Y
17.3	Are agency organization charts (Schedule X) provided and at the appropriate level of detail?	Y	Y	Y	Y	Y
17.4	Does the LBR include a separate Schedule IV-B for each IT project over \$1 million (see page 134 of the LBR instructions for exceptions to this rule)? Have all IV-Bs been emailed to: <b>IT@LASPBS.STATE.FL.US?</b>	Y	Y	Y	Y	Y
17.5	Are all forms relating to Fixed Capital Outlay (FCO) funding requests submitted in the proper form, including a Truth in Bonding statement (if applicable) ?	Y	Y	Y	Y	Y
<b>AUDITS - GENERAL INFORMATION</b>						
TIP	Review <i>Section 6: Audits</i> of the LBR Instructions (pages 160-162) for a list of audits and their descriptions.					
TIP	Reorganizations may cause audit errors. Agencies must indicate that these errors are due to an agency reorganization to justify the audit error.					

Action	Program or Service (Budget Entity Codes)				
	43010	43100	43200	43300	43400

<b>18. CAPITAL IMPROVEMENTS PROGRAM (CIP)</b>						
18.1	Are the CIP-2, CIP-3, CIP-A and CIP-B forms included?	Y	Y	Y	Y	Y
18.2	Are the CIP-4 and CIP-5 forms submitted when applicable (see CIP Instructions)?	Y	Y	Y	Y	Y
18.3	Do all CIP forms comply with CIP Instructions where applicable (see CIP Instructions)?	Y	Y	Y	Y	Y
18.4	Does the agency request include 5 year projections (Columns A03, A06, A07, A08 and A09)?	Y	Y	Y	Y	Y
18.5	Are the appropriate counties identified in the narrative?	Y	Y	Y	Y	Y
18.6	Has the CIP-2 form (Exhibit B) been modified to include the agency priority for each project and the modified form saved as a PDF document?	Y	Y	Y	Y	Y
TIP	Requests for Fixed Capital Outlay appropriations which are Grants and Aids to Local Governments and Non-Profit Organizations must use the Grants and Aids to Local Governments and Non-Profit Organizations - Fixed Capital Outlay major appropriation category (140XXX) and include the sub-title "Grants and Aids". These appropriations utilize a CIP-B form as justification.					

<b>19. FLORIDA FISCAL PORTAL</b>						
19.1	Have all files been assembled correctly and posted to the Florida Fiscal Portal as outlined in the Florida Fiscal Portal Submittal Process?	Y	Y	Y	Y	Y



	Program or Service (Budget Entity Codes)				
Action	43010	43100	43200	43300	43400

## Fiscal Year 2017-18 LBR Technical Review Checklist

Department/Budget Entity (Service): FINANCIAL SERVICES (Not including OIR nor OFR)
Agency Budget Officer/OPB Analyst Name: Teri Madsen

A "Y" indicates "YES" and is acceptable, an "N/J" indicates "NO/Justification Provided" - these require further explanation/justification (additional sheets can be used as necessary), and "TIPS" are other areas to consider.

	Program or Service (Budget Entity Codes)				
Action	43500	43600	43700		

### 1. GENERAL

1.1	Are Columns A01, A02, A04, A05, A23, A24, A25, A36, A93, IA1, IA5, IA6, IP1, IV1, IV3 and NV1 set to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status for both the Budget and Trust Fund columns (no trust fund files for narrative columns)? Are Columns A06, A07, A08 and A09 for Fixed Capital Outlay (FCO) set to TRANSFER CONTROL for DISPLAY status only (UPDATE status remains on OWNER)? (CSDI)	Y	Y	Y		
1.2	Is Column A03 set to TRANSFER CONTROL for DISPLAY and UPDATE status for both the Budget and Trust Fund columns? (CSDI)	Y	Y	Y		

#### AUDITS:

1.3	Has Column A03 been copied to Column A12? Run the Exhibit B Audit Comparison Report to verify. (EXBR, EXBA)	Y	Y	Y		
1.4	Has security been set correctly to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status? (CSDR, CSA)	Y	Y	Y		
TIP	The agency should prepare the budget request for submission in this order: 1) Lock columns as described above; 2) copy Column A03 to Column A12; and 3) set Column A12 column security to ALL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status. <b>A security control feature has been added to the LAS/PBS Web upload process that will require columns to be in the proper status before uploading.</b>					

### 2. EXHIBIT A (EADR, EXA)

2.1	Is the budget entity authority and description consistent with the agency's LRPP and does it conform to the directives provided on page 59 of the LBR Instructions?	Y	Y	Y		
2.2	Are the statewide issues generated systematically (estimated expenditures, nonrecurring expenditures, etc.) included?	Y	Y	Y		
2.3	Are the issue codes and titles consistent with Section 3 of the LBR Instructions (pages 15 through 29)? Do they clearly describe the issue?	Y	Y	Y		

### 3. EXHIBIT B (EXBR, EXB)

3.1	Is it apparent that there is a fund shift where an appropriation category's funding source is different between A02 and A03? Were the issues entered into LAS/PBS correctly? Check D-3A funding shift issue 340XXX0 - a unique deduct and unique add back issue should be used to ensure fund shifts display correctly on the LBR exhibits.	N/A	N/A	Y		
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#### AUDITS:

3.2	Negative Appropriation Category Audit for Agency Request (Columns A03 and A04): Are all appropriation categories positive by budget entity at the FSI level? Are all nonrecurring amounts less than requested amounts? (NACR, NAC - Report should print "No Negative Appropriation Categories Found")	Y	Y	Y		
3.3	Current Year Estimated Verification Comparison Report: Is Column A02 equal to Column B07? (EXBR, EXBC - Report should print "Records Selected Net To Zero")	Y	Y	Y		
TIP	Generally look for and be able to fully explain significant differences between A02 and A03.					



Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
TIP	Exhibit B - A02 equal to B07: Compares Current Year Estimated column to a backup of A02. This audit is necessary to ensure that the historical detail records have not been adjusted. Records selected should net to zero.					
TIP	Requests for appropriations which require advance payment authority must use the sub-title "Grants and Aids". For advance payment authority to local units of government, the Aid to Local Government appropriation category (05XXXX) should be used. For advance payment authority to non-profit organizations or other units of state government, a Special Categories appropriation category (10XXXX) should be used.					
<b>4. EXHIBIT D (EADR, EXD)</b>						
4.1	Is the program component objective statement consistent with the agency LRPP, and does it conform to the directives provided on page 62 of the LBR Instructions?	Y	Y	Y		
4.2	Is the program component code and title used correct?	Y	Y	Y		
TIP	Fund shifts or transfers of services or activities between program components will be displayed on an Exhibit D whereas it may not be visible on an Exhibit A.					
<b>5. EXHIBIT D-1 (ED1R, EXD1)</b>						
5.1	Are all object of expenditures positive amounts? (This is a manual check.)	Y	Y	Y		
<b>AUDITS:</b>						
5.2	Do the fund totals agree with the object category totals within each appropriation category? <b>(ED1R, XD1A - Report should print "No Differences Found For This Report")</b>	Y	Y	Y		
5.3	FLAIR Expenditure/Appropriation Ledger Comparison Report: Is Column A01 less than Column B04? <b>(EXBR, EXBB - Negative differences [with a \$5,000 allowance] need to be corrected in Column A01.)</b>	Y	Y	Y		
5.4	A01/State Accounts Disbursements and Carry Forward Comparison Report: Does Column A01 equal Column B08? <b>(EXBR, EXBD - Differences [with a \$5,000 allowance at the department level] need to be corrected in Column A01.)</b>	Y	Y	Y		
TIP	If objects are negative amounts, the agency must make adjustments to Column A01 to correct the object amounts. In addition, the fund totals must be adjusted to reflect the adjustment made to the object data.					
TIP	If fund totals and object totals do not agree or negative object amounts exist, the agency must adjust Column A01.					
TIP	Exhibit B - A01 less than B04: This audit is to ensure that the disbursements and carry/certifications forward in A01 are less than FY 2015-16 approved budget. Amounts should be positive.					
TIP	If B08 is not equal to A01, check the following: 1) the initial FLAIR disbursements or carry forward data load was corrected appropriately in A01; 2) the disbursement data from departmental FLAIR was reconciled to State Accounts; and 3) the FLAIR disbursements did not change after Column B08 was created.					
<b>6. EXHIBIT D-3 (ED3R, ED3) (Not required to be submitted in the LBR - for analytical purposes only.)</b>						
6.1	Are issues appropriately aligned with appropriation categories?	Y	Y	Y		
TIP	Exhibit D-3 is no longer required in the budget submission but may be needed for this particular appropriation category/issue sort. Exhibit D-3 is also a useful report when identifying negative appropriation category problems.					
<b>7. EXHIBIT D-3A (EADR, ED3A)</b>						
7.1	Are the issue titles correct and do they clearly identify the issue? (See pages 15 through 29 of the LBR Instructions.)	Y	Y	Y		
7.2	Does the issue narrative adequately explain the agency's request and is the explanation consistent with the LRPP? (See pages 67 through 69 of the LBR Instructions.)	Y	Y	Y		

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
7.3	Does the narrative for Information Technology (IT) issue follow the additional narrative requirements described on pages 69 through 72 of the LBR Instructions?	Y	Y	Y		
7.4	Are all issues with an IT component identified with a "Y" in the "IT COMPONENT?" field? If the issue contains an IT component, has that component been identified and documented?	Y	Y	Y		
7.5	Does the issue narrative explain any variances from the Standard Expense and Human Resource Services Assessments package? Is the nonrecurring portion in the nonrecurring column? (See pages E.4 through E.6 of the LBR Instructions.)	Y	Y	Y		
7.6	Does the salary rate request amount accurately reflect any new requests and are the amounts proportionate to the Salaries and Benefits request? Note: Salary rate should always be annualized.	Y	Y	Y		
7.7	Does the issue narrative thoroughly explain/justify all Salaries and Benefits amounts entered into the Other Salary Amounts transactions (OADA/C)? Amounts entered into OAD are reflected in the Position Detail of Salaries and Benefits section of the Exhibit D-3A.	Y	Y	Y		
7.8	Does the issue narrative include the Consensus Estimating Conference forecast, where appropriate?	Y	Y	Y		
7.9	Does the issue narrative reference the specific county(ies) where applicable?	Y	Y	Y		
7.10	Do the 160XXX0 issues reflect budget amendments that have been approved (or in the process of being approved) and that have a recurring impact (including Lump Sums)? Have the approved budget amendments been entered in Column A18 as instructed in Memo #17-001?	Y	Y	Y		
7.11	When appropriate are there any 160XXX0 issues included to delete positions placed in reserve in the OPB Position and Rate Ledger (e.g. unfunded grants)? Note: Lump sum appropriations not yet allocated should <u>not</u> be deleted. <b>(PLRR, PLMO)</b>	Y	Y	Y		
7.12	Does the issue narrative include plans to satisfy additional space requirements when requesting additional positions?	Y	Y	Y		
7.13	Has the agency included a 160XXX0 issue and 210XXXX and 260XXX0 issues as required for lump sum distributions?	Y	Y	Y		
7.14	Do the amounts reflect appropriate FSI assignments?	Y	Y	Y		
7.15	Are the 33XXXX0 issues negative amounts only and do not restore nonrecurring cuts from a prior year or fund any issues that net to a positive or zero amount? Check D-3A issues 33XXXX0 - a unique issue should be used for issues that net to zero or a positive amount.	Y	Y	Y		
7.16	Do the issue codes relating to special <i>salary and benefits</i> issues (e.g., position reclassification, pay grade adjustment, overtime/on-call pay, etc.) have an "A" in the fifth position of the issue code (XXXXAXX) and are they self-contained (not combined with other issues)? (See pages 28 and 90 of the LBR Instructions.)	Y	Y	Y		
7.17	Do the issues relating to <i>Information Technology (IT)</i> have a "C" in the sixth position of the issue code (36XXXCX) and are the correct issue codes used (361XXC0, 362XXC0, 363XXC0, 17C01C0, 17C02C0, 17C03C0, 24010C0, 33001C0, 30010C0, 33011C0, 160E470, 160E480 or 55C01C0)?	Y	Y	Y		
7.18	Are the issues relating to <i>major audit findings and recommendations</i> properly coded (4A0XXX0, 4B0XXX0)?	Y	Y	Y		
7.19	Does the issue narrative identify the strategy or strategies in the Five Year Statewide Strategic Plan for Economic Development?	Y	Y	Y		
<b>AUDIT:</b>						
7.20	Are all FSI's equal to '1', '2', '3', or '9'? There should be no FSI's equal to '0'. <b>(EADR, FSIA - Report should print "No Records Selected For Reporting")</b>	Y	Y	Y		
7.21	Does the General Revenue for 160XXXX (Adjustments to Current Year Expenditures) issues net to zero? <b>(GENR, LBR1)</b>	Y	Y	Y		

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
7.22	Does the General Revenue for 180XXXX (Intra-Agency Reorganizations) issues net to zero? ( <b>GENR, LBR2</b> )	Y	Y	Y		
7.23	Does the General Revenue for 200XXXX (Estimated Expenditures Realignment) issues net to zero? ( <b>GENR, LBR3</b> )	Y	Y	Y		
7.24	Have FCO appropriations been entered into the nonrecurring column (A04)? ( <b>GENR, LBR4 - Report should print "No Records Selected For Reporting" or a listing of D-3A issue(s) assigned to Debt Service (IOE N) or in some cases State Capital Outlay - Public Education Capital Outlay (IOE L)</b> )	Y	Y	Y		
TIP	Salaries and Benefits amounts entered using the OADA/C transactions must be thoroughly justified in the D-3A issue narrative. Agencies can run <b>OADA/OADR</b> from STAM to identify the amounts entered into OAD and ensure these entries have been thoroughly explained in the D-3A issue narrative.					
TIP	The issue narrative must completely and thoroughly explain and justify each D-3A issue. Agencies must ensure it provides the information necessary for the OPB and legislative analysts to have a complete understanding of the issue submitted. Thoroughly review pages 67 through 71 of the LBR Instructions.					
TIP	Check BAPS to verify status of budget amendments. Check for reapprovals not picked up in the General Appropriations Act. Verify that Lump Sum appropriations in Column A02 do not appear in Column A03. Review budget amendments to verify that 160XXX0 issue amounts correspond accurately and net to zero for General Revenue funds.					
TIP	If an agency is receiving federal funds from another agency the FSI should = 9 (Transfer - Recipient of Federal Funds). The agency that originally receives the funds directly from the federal agency should use FSI = 3 (Federal Funds).					
TIP	If a state agency needs to include in its LBR a realignment or workload request issue to align its data processing services category with its projected FY 2017-18 data center costs, this can be completed by using the State Data Center data processing services category (210001).					
TIP	If an appropriation made in the FY 2016-17 General Appropriations Act duplicates an appropriation made in substantive legislation, the agency must create a unique deduct nonrecurring issue to eliminate the duplicated appropriation. Normally this is taken care of through line item veto.					
<b>8. SCHEDULE I &amp; RELATED DOCUMENTS (SC1R, SC1 - Budget Entity Level or SC1R, SC1D - Department Level)</b>						
8.1	Has a separate department level Schedule I and supporting documents package been submitted by the agency?	Y	Y	Y		
8.2	Has a Schedule I and Schedule IB been completed in LAS/PBS for each operating trust fund?	Y	Y	Y		
8.3	Have the appropriate Schedule I supporting documents been included for the trust funds (Schedule IA, Schedule IC, and Reconciliation to Trial Balance)?	Y	Y	Y		
8.4	Have the Examination of Regulatory Fees Part I and Part II forms been included for the applicable regulatory programs?	Y	Y	Y		
8.5	Have the required detailed narratives been provided (5% trust fund reserve narrative; method for computing the distribution of cost for general management and administrative services narrative; adjustments narrative; revenue estimating methodology narrative; fixed capital outlay adjustment narrative)?	Y	Y	Y		
8.6	Has the Inter-Agency Transfers Reported on Schedule I form been included as applicable for transfers totaling \$100,000 or more for the fiscal year?	Y	Y	Y		
8.7	If the agency is scheduled for the annual trust fund review this year, have the Schedule ID and applicable draft legislation been included for recreation, modification or termination of existing trust funds?	Y	Y	Y		
8.8	If the agency is scheduled for the annual trust fund review this year, have the necessary trust funds been requested for creation pursuant to section 215.32(2)(b), Florida Statutes - including the Schedule ID and applicable legislation?	Y	Y	Y		

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
8.9	Are the revenue codes correct? In the case of federal revenues, has the agency appropriately identified direct versus indirect receipts (object codes 000700, 000750, 000799, 001510 and 001599)? For non-grant federal revenues, is the correct revenue code identified (codes 000504, 000119, 001270, 001870, 001970)?	Y	Y	Y		
8.10	Are the statutory authority references correct?	Y	Y	Y		
8.11	Are the General Revenue Service Charge percentage rates used for each revenue source correct? (Refer to section 215.20, Florida Statutes, for appropriate General Revenue Service Charge percentage rates.)	Y	Y	Y		
8.12	Is this an accurate representation of revenues based on the most recent Consensus Estimating Conference forecasts?	Y	Y	Y		
8.13	If there is no Consensus Estimating Conference forecast available, do the revenue estimates appear to be reasonable?	Y	Y	Y		
8.14	Are the federal funds revenues reported in Section I broken out by individual grant? Are the correct CFDA codes used?	Y	Y	Y		
8.15	Are anticipated grants included and based on the state fiscal year (rather than federal fiscal year)?	Y	Y	Y		
8.16	Are the Schedule I revenues consistent with the FST's reported in the Exhibit D-3A?	Y	Y	Y		
8.17	If applicable, are nonrecurring revenues entered into Column A04?	Y	Y	Y		
8.18	Has the agency certified the revenue estimates in columns A02 and A03 to be the latest and most accurate available? Does the certification include a statement that the agency will notify OPB of any significant changes in revenue estimates that occur prior to the Governor's Budget Recommendations being issued?	Y	Y	Y		
8.19	Is a 5% trust fund reserve reflected in Section II? If not, is sufficient justification provided for exemption? Are the additional narrative requirements provided?	Y	Y	Y		
8.20	Are appropriate General Revenue Service Charge nonoperating amounts included in Section II?	Y	Y	Y		
8.21	Are nonoperating expenditures to other budget entities/departments cross-referenced accurately?	Y	Y	Y		
8.22	Do transfers balance between funds (within the agency as well as between agencies)? (See also 8.6 for required transfer confirmation of amounts totaling \$100,000 or more.)	Y	Y	Y		
8.23	Are nonoperating expenditures recorded in Section II and adjustments recorded in Section III?	Y	Y	Y		
8.24	Are prior year September operating reversions appropriately shown in column A01?	Y	Y	Y		
8.25	Are current year September operating reversions appropriately shown in column A02?	Y	Y	Y		
8.26	Does the Schedule IC properly reflect the unreserved fund balance for each trust fund as defined by the LBR Instructions, and is it reconciled to the agency accounting records?	Y	Y	Y		
8.27	Has the agency properly accounted for continuing appropriations (category 13XXXX) in column A01, Section III?	Y	Y	Y		
8.28	Does Column A01 of the Schedule I accurately represent the actual prior year accounting data as reflected in the agency accounting records, and is it provided in sufficient detail for analysis?	Y	Y	Y		
8.29	Does Line I of Column A01 (Schedule I) equal Line K of the Schedule IC?	Y	Y	Y		
<b>AUDITS:</b>						
8.30	Is Line I a positive number? (If not, the agency must adjust the budget request to eliminate the deficit).	Y	Y	Y		
8.31	Is the June 30 Adjusted Unreserved Fund Balance (Line I) equal to the July 1 Unreserved Fund Balance (Line A) of the following year? If a Schedule IB was prepared, do the totals agree with the Schedule I, Line I? (SC1R, SC1A - Report should print "No Discrepancies Exist For This Report")	Y	Y	Y		

Action		Program or Service (Budget Entity Codes)				
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8.32	Has a Department Level Reconciliation been provided for each trust fund and does Line A of the Schedule I equal the CFO amount? If not, the agency must correct Line A. <b>(SC1R, DEPT)</b>	Y	Y	Y		
8.33	Has a Schedule IB been provided for ALL trust funds having an unreserved fund balance in columns A01, A02 and/or A03, and if so, does each column's total agree with line I?	Y	Y	Y		
8.34	Have A/R been properly analyzed and any allowances for doubtful accounts been properly recorded on the Schedule IC?	Y	Y	Y		
TIP	The Schedule I is the most reliable source of data concerning the trust funds. It is very important that this schedule is as accurate as possible!					
TIP	Determine if the agency is scheduled for trust fund review. (See page 130 of the LBR Instructions.) Transaction DFTR in LAS/PBS is also available and provides an LBR review date for each trust fund.					
TIP	Review the unreserved fund balances and compare revenue totals to expenditure totals to determine and understand the trust fund status.					
TIP	Typically nonoperating expenditures and revenues should not be a negative number. Any negative numbers must be fully justified.					
<b>9. SCHEDULE II (PSCR, SC2)</b>						
AUDIT:						
9.1	Is the pay grade minimum for salary rate utilized for positions in segments 2 and 3? <b>(BRAR, BRAA - Report should print "No Records Selected For This Request")</b> Note: Amounts other than the pay grade minimum should be fully justified in the D-3A issue narrative. (See <i>Base Rate Audit</i> on page 161 of the LBR Instructions.)	Y	Y	Y		
<b>10. SCHEDULE III (PSCR, SC3)</b>						
10.1	Is the appropriate lapse amount applied? (See page 92 of the LBR Instructions.)	Y	Y	Y		
10.2	Are amounts in <i>Other Salary Amount</i> appropriate and fully justified? (See page 99 of the LBR Instructions for appropriate use of the OAD transaction.) Use <b>OADI</b> or <b>OADR</b> to identify agency other salary amounts requested.	Y	Y	Y		
<b>11. SCHEDULE IV (EADR, SC4)</b>						
11.1	Are the correct Information Technology (IT) issue codes used?	Y	Y	Y		
TIP	If IT issues are not coded (with "C" in 6th position or within a program component of 1603000000), they will not appear in the Schedule IV.					
<b>12. SCHEDULE VIIIA (EADR, SC8A)</b>						
12.1	Is there only one #1 priority, one #2 priority, one #3 priority, etc. reported on the Schedule VIII-A? Are the priority narrative explanations adequate? Note: FCO issues can now be included in the priority listing.	Y	Y	Y		
<b>13. SCHEDULE VIIIB-1 (EADR, S8B1)</b>						
13.1	<b>NOT REQUIRED FOR THIS YEAR</b>	-	-	-		
<b>14. SCHEDULE VIIIB-2 (EADR, S8B2)</b>						
14.1	Do the reductions comply with the instructions provided on pages 104 through 106 of the LBR Instructions regarding a 10% reduction in recurring General Revenue and Trust Funds, including the verification that the 33BXXX0 issue has NOT been used?	Y	Y	Y		
<b>15. SCHEDULE VIIIC (EADR, S8C)</b> <b>(LAS/PBS Web - see page 107-109 of the LBR Instructions for detailed instructions)</b>						
15.1	Agencies are required to generate this schedule via the LAS/PBS Web.	Y	Y	Y		
15.2	Does the schedule include at least three and no more than 10 unique reprioritization issues, in priority order? Manual Check.	Y	Y	Y		
15.3	Does the schedule display reprioritization issues that are each comprised of two unique issues - a deduct component and an add-back component which net to zero at the department level?	Y	Y	Y		

Action		Program or Service (Budget Entity Codes)				
		43010	43100	43200	43300	43400
15.4	Are the priority narrative explanations adequate and do they follow the guidelines on pages 107-109 of the LBR instructions?	Y	Y	Y		
15.5	Does the issue narrative in A6 address the following: Does the state have the authority to implement the reprioritization issues independent of other entities (federal and local governments, private donors, etc.)? Are the reprioritization issues an allowable use of the recommended funding source?	Y	Y	Y		
<b>AUDIT:</b>						
15.6	Do the issues net to zero at the department level? ( <b>GENR, LBR5</b> )	N	N	N		
<b>16. SCHEDULE XI (USCR,SCXI) (LAS/PBS Web - see page 110-114 of the LBR Instructions for detailed instructions)</b>						
16.1	Agencies are required to generate this spreadsheet via the LAS/PBS Web. <b>The Final Excel version no longer has to be submitted to OPB for inclusion on the Governor's Florida Performs Website.</b> (Note: Pursuant to section 216.023(4) (b), Florida Statutes, the Legislature can reduce the funding level for any agency that does not provide this information.)	Y	Y	Y		
16.2	Do the PDF files uploaded to the Florida Fiscal Portal for the LRPP and LBR match?	Y	Y	Y		
<b>AUDITS INCLUDED IN THE SCHEDULE XI REPORT:</b>						
16.3	Does the FY 2015-16 Actual (prior year) Expenditures in Column A36 reconcile to Column A01? ( <b>GENR, ACT1</b> )	Y	Y	Y		
16.4	None of the executive direction, administrative support and information technology statewide activities (ACT0010 thru ACT0490) have output standards (Record Type 5)? ( <b>Audit #1 should print "No Activities Found"</b> )	Y	Y	Y		
16.5	Does the Fixed Capital Outlay (FCO) statewide activity (ACT0210) only contain 08XXXX or 14XXXX appropriation categories? ( <b>Audit #2 should print "No Operating Categories Found"</b> )	Y	Y	Y		
16.6	Has the agency provided the necessary standard (Record Type 5) for all activities which <u>should</u> appear in Section II? (Note: <b>Audit #3</b> will identify those activities that do NOT have a Record Type '5' and have not been identified as a 'Pass Through' activity. These activities will be displayed in Section III with the 'Payment of Pensions, Benefits and Claims' activity and 'Other' activities. Verify if these activities should be displayed in Section III. If not, an output standard would need to be added for that activity and the Schedule XI submitted again.)	Y	Y	Y		
16.7	Does Section I (Final Budget for Agency) and Section III (Total Budget for Agency) equal? ( <b>Audit #4 should print "No Discrepancies Found"</b> )	Y	Y	Y		
TIP	If Section I and Section III have a small difference, it may be due to rounding and therefore will be acceptable.					
<b>17. MANUALLY PREPARED EXHIBITS &amp; SCHEDULES</b>						
17.1	Do exhibits and schedules comply with LBR Instructions (pages 115 through 158 of the LBR Instructions), and are they accurate and complete?	Y	Y	Y		
17.2	Does manual exhibits tie to LAS/PBS where applicable?	Y	Y	Y		
17.3	Are agency organization charts (Schedule X) provided and at the appropriate level of detail?	Y	Y	Y		
17.4	Does the LBR include a separate Schedule IV-B for each IT project over \$1 million (see page 134 of the LBR instructions for exceptions to this rule)? Have all IV-Bs been emailed to: <b>IT@LASPBS.STATE.FL.US</b> ?	Y	Y	Y		
17.5	Are all forms relating to Fixed Capital Outlay (FCO) funding requests submitted in the proper form, including a Truth in Bonding statement (if applicable) ?	Y	Y	Y		
<b>AUDITS - GENERAL INFORMATION</b>						
TIP	Review <i>Section 6: Audits</i> of the LBR Instructions (pages 160-162) for a list of audits and their descriptions.					
TIP	Reorganizations may cause audit errors. Agencies must indicate that these errors are due to an agency reorganization to justify the audit error.					

Action	Program or Service (Budget Entity Codes)				
	43010	43100	43200	43300	43400

**18. CAPITAL IMPROVEMENTS PROGRAM (CIP)**

18.1	Are the CIP-2, CIP-3, CIP-A and CIP-B forms included?	Y	Y	Y		
18.2	Are the CIP-4 and CIP-5 forms submitted when applicable (see CIP Instructions)?	Y	Y	Y		
18.3	Do all CIP forms comply with CIP Instructions where applicable (see CIP Instructions)?	Y	Y	Y		
18.4	Does the agency request include 5 year projections (Columns A03, A06, A07, A08 and A09)?	Y	Y	Y		
18.5	Are the appropriate counties identified in the narrative?	Y	Y	Y		
18.6	Has the CIP-2 form (Exhibit B) been modified to include the agency priority for each project and the modified form saved as a PDF document?	Y	Y	Y		
TIP	Requests for Fixed Capital Outlay appropriations which are Grants and Aids to Local Governments and Non-Profit Organizations must use the Grants and Aids to Local Governments and Non-Profit Organizations - Fixed Capital Outlay major appropriation category (140XXX) and include the sub-title "Grants and Aids". These appropriations utilize a CIP-B form as justification.					

**19. FLORIDA FISCAL PORTAL**

19.1	Have all files been assembled correctly and posted to the Florida Fiscal Portal as outlined in the Florida Fiscal Portal Submittal Process?	Y	Y	Y		
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