

The seal of the State of Florida is centered in the background. It features a palm tree, a sun, and a ship, with the text "SEAL OF THE STATE OF FLORIDA" around the top and "IN GOD WE TRUST" around the bottom.

CHIEF FINANCIAL OFFICER
JEFF ATWATER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Department of Financial Services

Fiscal Year 2013 - 2014 Legislative Budget Request

Senate Appropriations Subcommittee on General Government

January 23, 2013

Historical Funding Levels

FTE, General Revenue, State Trust Funds, and Federal Trust Funds



Base Budget by Entity

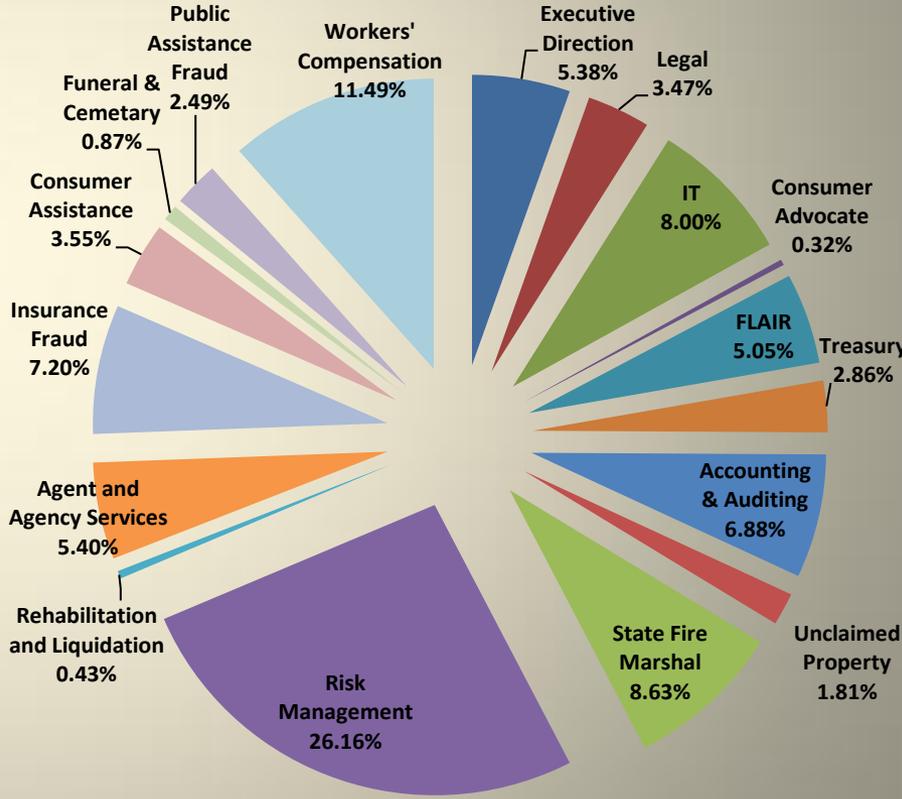
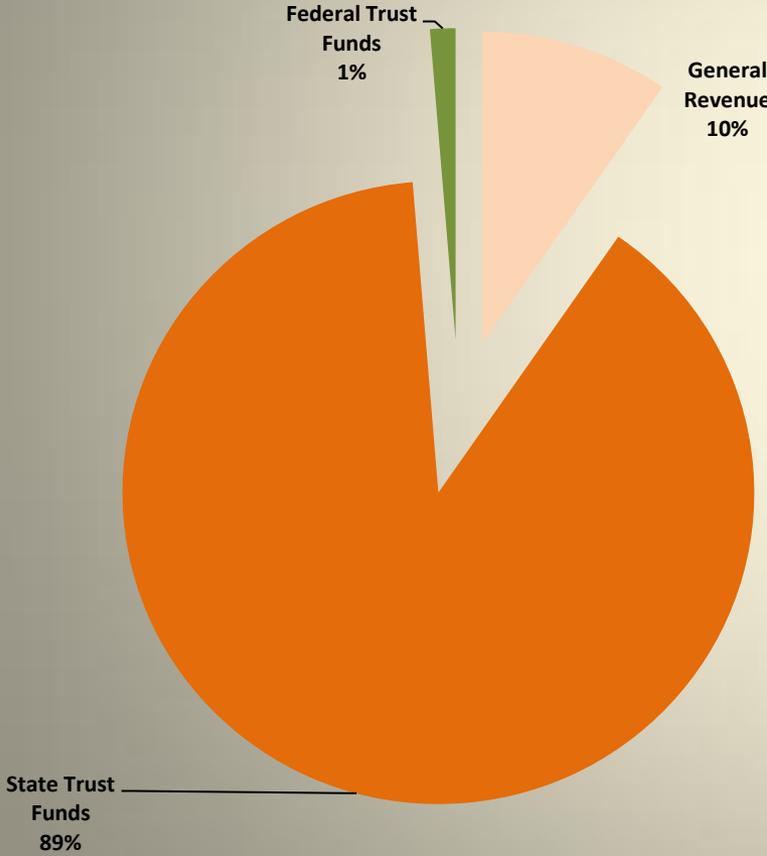
<u>Budget Entity</u>	<u>FTE</u>	<u>General Revenue</u>	<u>Trust Funds</u>	<u>Total</u>
Executive Direction	146.00		12,096,411	12,096,411
CFO	18.00		3,145,067	
Inspector General	15.00		1,088,677	
Communications	6.00		483,856	
Cabinet Affairs	3.00		241,928	
Legislative Affairs	3.00		362,892	
Finance & Accounting	39.00		2,540,246	
Budget	4.00		604,821	
Human Resources	9.00		604,821	
General Services	49.00		3,024,103	
Legal	93.00		7,803,112	7,803,112
IT	128.00		17,980,302	17,980,302
Consumer Advocate	5.00		725,042	725,042
FLAIR	102.00	10,264,464	1,087,158	11,351,622
Treasury	63.50		6,439,405	6,439,405
Deposit Security	23.00		1,803,111	
State Funds Management	28.50		2,906,469	
Supplemental Retirement	12.00		1,729,825	

<u>Budget Entity</u>	<u>FTE</u>	<u>General Revenue</u>	<u>Trust Funds</u>	<u>Total</u>
Accounting & Auditing	173.00	11,416,253	4,053,852	15,470,105
Unclaimed Property	57.00		4,065,382	4,065,382
State Fire Marshal	242.00		19,403,133	19,403,133
SFM - Compliance & Enforcement	69.00		4,295,148	
SFM - Fire & Arson	126.00		10,309,545	
SFM - Fire College	31.00		2,763,972	
SFM - Executive Direction	16.00		2,034,468	
Risk Management	106.00		58,791,231	58,791,231
Rehabilitation and Liquidation	7.00		964,309	964,309
Agent and Agency Services	129.00		12,135,719	12,135,719
Insurance Fraud	191.00		16,190,591	16,190,591
Consumer Assistance	119.00		7,985,141	7,985,141
Funeral & Cemetary	23.00		1,947,264	1,947,264
Public Assistance Fraud	63.00		5,598,101	5,598,101
Workers' Compensation	301.00		25,814,951	25,814,951
TOTALS	1,948.50	21,680,717	203,081,104	224,761,821

Base Budget

Fund Type

Entity



Main Areas of Expenditures

EXPENSES

- Rent
- Travel
- Telephones
- Office Supplies & Subscriptions
- Postage

CONTRACTED SERVICES

- IT Services
- Mail Delivery
- VoIP
- Security
- Expert Witness/Hearing Officers/Subpoena Services

Responsibilities

- **Executive Direction and Support Services:**
 - Provides overall direction for the department's constitutional, statutory and administrative responsibilities. (CFO, IG, Cabinet, Legislative Affairs, Communications, Admin)
- **Legal Services:**
 - Advises the CFO and program staff on legal matters pertinent to carryout their responsibilities. Legal also responds to inquiries from external customers.
- **Information Technology:**
 - Provides expertise for IT assessments, design, development, purchase, project management, implementation, desktop support, internal consultants and customer services support for DFS, OIR and OFR.
- **Consumer Advocate:**
 - Examines rate and form filings submitted to the OIR and recommends to DFS or OIR any position deemed to be of public interest.
- **Information Technology – FLAIR:**
 - Provides day-to-day operations and enhancements to the State of Florida's accounting system's four major components – Departmental, Central, Payroll and Information Warehouse.
- **Treasury**
 - Evaluates deposit collateral, performs cash management services and administers the state's deferred compensation program for all state employees.

- **Accounting and Auditing:**
 - Maintains all of the state's financial information in FLAIR and issues the annual financial report.
- **Unclaimed Property:**
 - Locates, takes custody of and returns unclaimed property to the rightful owners in parallels with programs in other states, the District of Columbia, Puerto Rico, Alberta, British Columbia and Quebec.
- **State Fire Marshal:**
 - Enforcement of all laws and rules relating to the construction of state-owned buildings, the Boiler Safety Act; licensing and regulation of fire equipment, fire protection systems, construction mining, explosive/fireworks; investigates fires/explosions; runs the State Fire College for training; certifies other fire academies; administers fire service certification; and runs the State Fire Lab.
- **Risk Management:**
 - Ensures participating state agencies are provided quality workers' compensation, general liability, federal civil rights, auto liability, and property insurance coverage.
- **Rehabilitation and Liquidation:**
 - Responsible for coordinating the conservation, rehabilitation and liquidation of financially impaired or insolvent insurance companies.

- **Agent and Agency Services:**
 - Administers the insurance laws related to insurance representative licenses, examination, continuing education and pre-licensing schools and courses; and investigating complaints by licensees and unlicensed individuals.
- **Insurance Fraud:**
 - Investigates insurance fraud and related criminal offenses
- **Consumer Assistance:**
 - Educates consumers regarding purchasing appropriate insurance products; resolves insurance problems with insurance companies; assist with insurance claims, complaints and inquires.
- **Funeral and Cemetery:**
 - Oversees regulation of the overall death care industry by issuing licenses; conducting inspections; performing financial exams of pre-need contracts; and investigating consumer complaints.
- **Public Assistance Fraud:**
 - Identified irregularities incidental to the disbursement of public monies, food stamps, or other items or benefits authorized to recipients.
- **Workers' Compensation:**
 - Ensures the self-execution of the workers' compensation system through education and providing information.

Performance

❖ Florida Accounting Information Resource (FLAIR)

- 10,437,045 payments processed through Central Accounting
- 50,481,630 transactions processed through departmental FLAIR
- Total operating expenditures for 2012 - \$57,142,411,477.46
- Total expenditures \$180,720,655,423.83

❖ Accounting & Auditing

- Audited 621,078 invoices that totaled more than \$77B

❖ Risk Management

- Largest Workers' Compensation company in the State of Florida
 - Covers 203,125 employees/volunteers and provides coverage to 17,001 buildings
 - Paid \$112.5 in medical workers' compensation payments
 - Paid \$6.5 in automotive and general liability payments
 - Paid \$8.4 in federal civil rights payments
 - Paid \$.5 in property payments
- Worked 26,132 claims
- Paid 17,438 claims totaling \$127,948,605
- Resolved 81.4% of tort liability claims prior to litigation

❖ Insurance Fraud

- Presented 1,242 cases for arrest
- 98.9% resulting in arrests
- Almost 70% of the arrest resulted in convictions

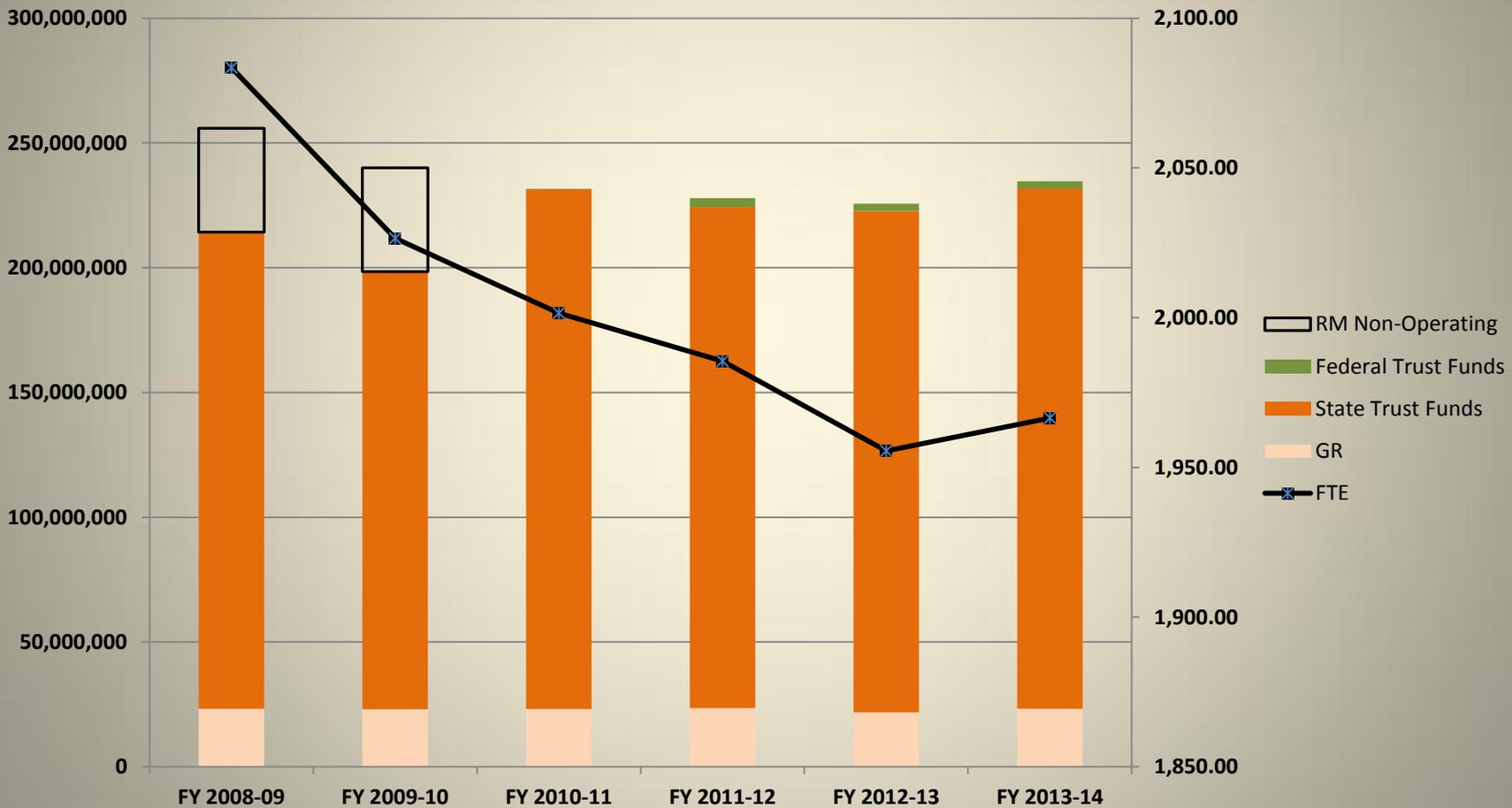
Department's Priorities

- **Florida Accountability Contract Tracking System (FACTS) (4 FTE; 713,167 TF)**
 - Ability for contracts to be online and available for Accounting and Auditing to ensure all contractual obligations are met and payments made are obligations due.
- **Risk Management Information System (RMIS) (5,000,000 TF)**
 - Funding to procure a replacement information system for the Division of Risk Management. This will completely automate the business processes and will have the necessary audits and controls needed to insure proper compliance. The current STARS system will no longer be supported by the vendor.
- **Additional auditors for Accounting & Audit (15 FTE; 1,081,279 GR)**
 - Increases the percentage of contract audits from 2% (1,000) to 4%. This will also allow Journal Transfer (JT) audits to be performed on state agencies.
- **FLAIR shadowing (8 FTE; 426,158 NR)**
 - The computer language for FLAIR is no longer taught. This will allow a person to “shadow” the current FLAIR employee for an entire year to learn the language and the FLAIR system. This is year 2 of a 5 year funding.

Additional Issues

- **IT Issues:**
 - FileNet P8 document management system
 - Unclaimed Property Management Information System
 - Study for a centralized licensing system
- **Unclaimed Property:**
 - Staffing to return unclaimed property
- **State Fire Marshal:**
 - Additional expenses for recurring costs
 - Replacement of scientific equipment in the state lab
 - Fixed capital outlay for security fence, roof replacement
 - Recurring fixed capital outlay for minor repairs at the fire college and state arson lab
- **Insurance Fraud:**
 - Ability to use Federal Law Enforcement trust fund cash
- **Public Assistance Fraud:**
 - Combat electronic benefits fraud
 - Recruitment and retention of employees

New Funding Request compared to Historical levels





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