



QUALITY ASSURANCE REVIEW FINDINGS REPORT NO.: 2024-QAR-09

Direct Deposit Exemption Compliance

The Department of Financial Services (DFS), Bureau of State Payrolls Post Audit Subsection has completed a limited scope review of employees receiving paper warrants on a consistent basis.

Purpose

To determine whether state agencies are requiring employees to register for direct deposit in a timely manner upon onboarding or promotions and transfers or vetting and documenting reasonable hardship requests.

Scope

Career Service employees that were compensated via a paper warrant during the months of September, October, and November of 2024, originating from all monthly, biweekly, supplemental, and on-demand payrolls from the payroll system (PYRL).

Background

Direct Deposit is required per Florida Statute 110.113(2), which reads *“As a condition of employment, a person appointed to a position in state government is required to participate in the direct deposit program pursuant to s. 17.076. An employee may request an exemption from the provisions of this subsection when such employee can demonstrate a hardship or when such employee is in an other-personal-services position.”*

All agencies complete an annual Payroll Compliance Checklist (DFS-A3-2166). The purpose of this form is to provide the Department of Financial Services (DFS) with reasonable assurances that agencies are presenting accurate and reliable information to the Bureau of State Payrolls (BOSP) for payroll processing and to ensure compliance with the applicable guidelines governing this process. BOSP may request additional information based on the responses submitted on the compliance checklist. A question on the form reads *“Our agency has documented hardship waivers on file for any employee not participating in Direct Deposit and can provide the documentation upon request.”* to which they are to state “Yes” or “No.”

Methodology

DFS Post Audit Subsection obtained data as of November 27th, 2024, indicating every pay warrant during the months of September, October, and November, which were paid via paper warrant. The pay status for each employee on the list was researched to determine the frequency and current pay status of the employee. Next, we eliminated employees from the list who had two or less paper warrants, or those that were no longer employed with a state agency.

Employees that received three or more paper warrants during our testing period and were still currently employed, fell into one of the categories listed below:

- Payment was a BOSP manual pay, Regular pay is EFT
- Changes back and forth from EFT to Warrant
- Currently on EFT
- Paper Warrant currently, previously EFT
- Paper Warrant since being hired (up to 4 years)

We focused on those in the “Paper Warrant since being hired” category to make formal requests for documentation to support the employee’s hardship status. The paper warrant status of each employee was verified as far back as the PYRL system would allow us to view. Up to five employees from the list were randomly selected for each agency.

Conclusions

In August of 2024, DFS published standardized forms for Direct Deposit and Hardship Exemption Request, DFS-A3-2001 and DFS-A3-2000 respectively, to better assist Agencies with compliance of Florida Statute 110.113(2).

For the months of September, October, and November 2024, there were a total of 8,301 warrants (“Net zero” warrants excluded) produced for 610 career service/SES/and SMS employees. Three hundred fifty-one are currently employed as of November 30th, 2024.

BOSP Post Audit section identified 185 of the 351 employees, or 52.7%, of those to have received three or more paper warrants during our research period, that remained on paper warrants as of November 30th, 2024.

Eighty-five of those 185 employees have been receiving paper warrants continuously since being promoted, hired, or returning from a Leave of Absence. The average number of days employed for these 85 employees is 694.22 days or approximately 1.9 years.

We requested documentation for 36 employees (a maximum of five employees per agency), across the 16 State agencies in our data. Of these State agencies, 13 selected “Yes” on the Compliance Checklist indicating they keep Hardship Waivers on file for EFT nonparticipants.

Fifteen of the 16 agencies (93.75%) responded to the two questions we asked of them, seen below:

1. *During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized Direct Deposit Acknowledgement Form (DFS-A3-2000) for onboarding employees?*

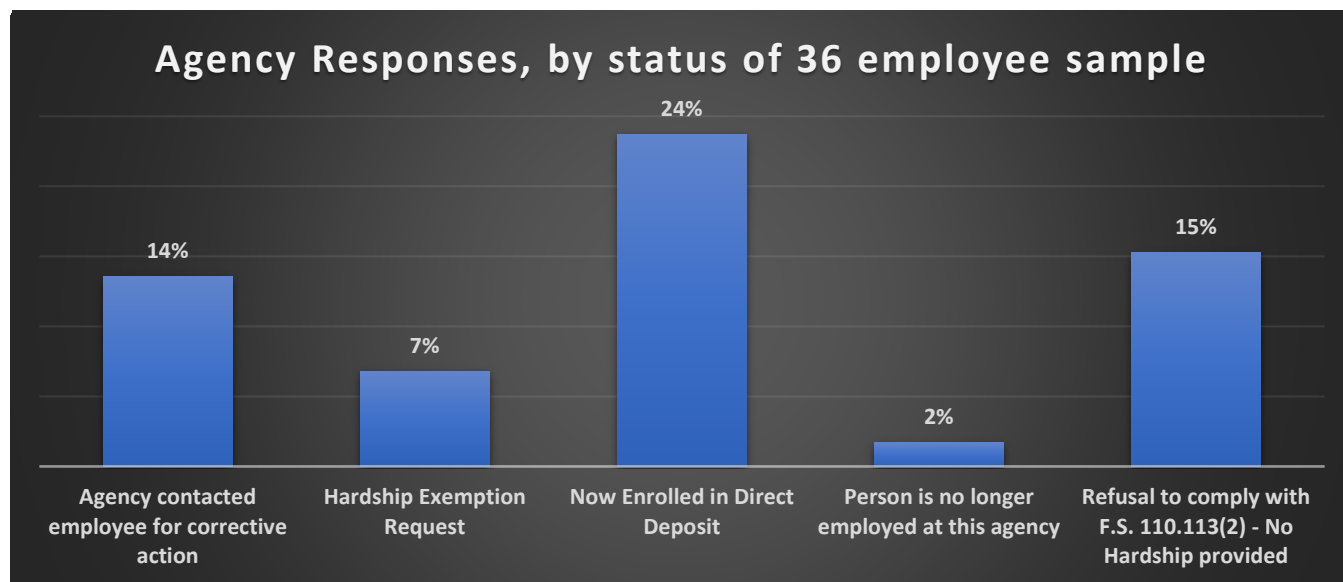
56.25% of agencies gave a favorable response of “Yes,” 37.50% of agencies responded with “No,” and one agency (6.25%) did not respond to this question.

2. *Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized Direct Deposit Hardship Exemption Request Form (DFS-A3-2001) to use for employees with a hardship? (If so, please briefly describe.)*

68.75% of agencies gave a favorable response of “Yes,” 25.00% of agencies responded with “No,” and one agency (6.25%) did not respond to this question.

Responses from the agencies regarding the sampled employees are placed into one of five categories below, as a result of this Quality Assurance Review.

- Agency contacted employee for corrective action
- Hardship Exemption Request
- Now Enrolled in Direct Deposit
- Person is no longer employed at this agency
- Refusal to comply with F.S. 110.113(2) - No Hardship provided



Justice Administration Commission – JAC (OLO 2100)

The BOSP Post Audit Team requested documentation for five of JAC’s 23 employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency’s response, three employees were contacted to make corrective action or produce a formal hardship, and two employees declined to comply with F.S. 110.113(2) and no Hardship was provided.

*We received a response from the 11th Circuit regarding employees #1, 2, and 5.

**We received an additional response from the 4th and 17th Circuits regarding employees #3 and 4.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	9/8/2021	1179	Currently Employed	3	Agency contacted employee for corrective action
Employee 2	8/22/2022	831	Currently Employed	3	Agency contacted employee for corrective action
Employee 3	1/3/2023	697	Currently Employed	3	Now Enrolled in Direct Deposit
Employee 4	10/3/2022	789	Currently Employed	3	Now Enrolled in Direct Deposit
Employee 5	8/22/2022	831	Currently Employed	3	Agency contacted employee for corrective action

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees?

**No. Employees are informed of the direct deposit requirement upon accepting their initial offer of employment and again on their first day. The Justice Administrative Commission had not previously made us aware of these forms. However, effective today, we have updated our procedures to require all newly hired employees to sign these forms.*

*** Yes, the Law Office of the Public Defender requires its employees to sign and acknowledge the requirement stated in Florida Statute 110.113 (2), requiring the mandatory establishment of Direct Deposit. The Law Office of the Public Defender has electronic policy and procedures, which includes disclosures as to the Direct Deposit requirement. (See attached). Each employee must acknowledge receipt of this disclosure (See attached). I have attached both for your review.*

2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.)

**We did not have a formal procedure in place to account for employees requesting a Direct Deposit Exemption due to hardship. However, effective today we have implemented a process to address these requests. Employees seeking an exemption must complete the standardized Direct Deposit Hardship Exemption Request Form (DFS-A3-2001) and submit it for review. Requests will be evaluated on a case-by-case basis to ensure compliance with applicable guidelines. We are working to further refine this process to ensure proper tracking and documentation of exemptions.*

*** The Law Office of the Public Defender discloses in its direct deposit policy, to all its employees, the requirement to complete direct deposit enrollment or to make a request for a hardship exemption within 30 days of employment.*

The office procedure included additional reminder(s) made to the employee, of the requirement to complete Direct Deposit enrollment (See attached reminders Oct 14, 2022; October 24, 2022; May 30, 2023). To ensure compliance, the office has instituted a policy that requires Human Resource personnel to review compliance on 31 days of onboarding, to confirm the completion of direct deposit enrollment on People First or require receipt of a hardship exemption (DFS-A3-2001), to be retained in an employee's personnel file.

In this case, (HIPAA prevents disclosure), warrants were accommodated for this employee. However, Direct Deposit compliance for this employee has been revisited and through assistance, direct deposit was completed. (See attached screenshot).

State Court System – SCS (OLO 2200)

The BOSP Post Audit Team requested documentation for five of SCS's seven employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, two employees enrolled in Direct Deposit, one was contacted to make corrective action or produce a formal hardship, and two employees provide Hardship Exemption Requests.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	1/5/2021	1425	Currently Employed	3	Hardship Exemption Request
Employee 2	1/2/2007	6542	Currently Employed	3	Hardship Exemption Request
Employee 3	7/1/2024	152	Currently Employed	3	Now Enrolled in Direct Deposit
Employee 4	9/23/2019	1895	Currently Employed	3	Agency contacted employee for corrective action
Employee 5	8/26/2024	96	Currently Employed	4	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Direct deposit is a requirement through our employee manual. Is this form required if we already have that listed within our manual? We have new people (including myself), so we are still trying to learn the ins and outs. BOSP responded to clarify the forms, themselves, are not required.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *We are working to establish concrete procedures and guidance for our agency.*

Department of Lottery (OLO 3600)

The BOSP Post Audit Team requested documentation for DOL's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employee is now enrolled in Direct Deposit.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	8/26/2024	96	Currently Employed	4	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *No, but we are currently working to create a report so that we can catch employee's that receive paper warrants and can determine employees with hardships and gather the required documentation.*

Department of Environmental Protection – DEP (OLO 3700)

The BOSP Post Audit Team requested documentation for all DEP’s employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency’s response, the two employees are now enrolled in Direct Deposit.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	7/2/2024	151	Currently Employed	3	Now Enrolled in Direct Deposit
Employee 2	10/7/2024	54	Currently Employed	3	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes, this acknowledgement is part of our New Employee Onboarding Form.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, we monitor monthly EFT reports and notify employees that direct deposit is a requirement and if they choose to not comply then they must go through the hardship exemption process.*

Department of Commerce – COM (OLO 4000)

The BOSP Post Audit Team requested documentation for DEO’s only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency’s response, the employee is now enrolled in Direct Deposit. Although the agency stated “Yes” for question #1 below, the documents provided were a checklist for the employee that do not require a signature.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	8/23/2024	99	Currently Employed	4	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes, at the time of onboarding.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes. During onboarding, if the EE states they aren’t eligible for direct deposit, they are required to complete the hardship request and return it to HR. Additionally, our Financial Management office has been put on notice that if they receive physical checks for EEs multiple times, the EE is to be given the exemption request form.*

Department of Veteran Affairs – DVA (OLO 5000)

The BOSP Post Audit Team requested documentation for DVA's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employee declined to comply with F.S. 110.113(2) and no Hardship was provided.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	9/24/2024	67	Currently Employed	6	Refusal to comply with F.S. 110.113(2) - No Hardship provided

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes, documentation attached.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, but we rarely get hardship requests, but we do often have to send several reminders to employees of the requirement to have direct deposit. I hope this helps...*

Department of Transportation – DOT (OLO 5500)

The BOSP Post Audit Team requested documentation for DOT's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employee declined to comply with F.S. 110.113(2) and no Hardship was provided. Although the agency stated "Yes" for question #1 below, the employee is not required to sign a document, it is language that is included in the offer letter.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	8/22/2022	831	Currently Employed	5	Refusal to comply with F.S. 110.113(2) - No Hardship provided

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes. FDOT includes the following language in all offer letters when the candidate is being appointed to a Career Service, SES, or SMS position, and the candidate is required to sign the letter to acknowledge all language included in the letter:*
The Electronic Funds Transfer Program for direct deposit of your payroll check is a mandatory program, in which all state employees must participate, or obtain an exemption from the State Comptroller.

- Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, once we receive an exemption request from an employee requesting a hardship, we will have the employee complete page 1 of the Direct Deposit Hardship Exemption Request Form (DFS-A3-2001) and FDOT HR will complete page 2. Then we will send the form to the following DFS email address: directdeposit@myfloridacfo.com.*

Department of Children & Families – DCF (OLO 6000)

The BOSP Post Audit Team requested documentation for five of DCF's 16 employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, one employee enrolled in Direct Deposit, three were contacted to make corrective action or produce a formal hardship, and one employee declined to comply with F.S. 110.113(2) and no Hardship was provided.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	7/31/2015	3410	Currently Employed	7+	Agency contacted employee for corrective action
Employee 2	7/14/2023	505	Currently Employed	7+	Refusal to comply with F.S. 110.113(2) - No Hardship provided
Employee 3	9/8/2000	8849	Currently Employed	7+	Agency contacted employee for corrective action
Employee 4	7/9/1990	12563	Currently Employed	3	Now Enrolled in Direct Deposit
Employee 5	11/13/2023	383	Currently Employed	7+	Agency contacted employee for corrective action

AGENCY RESPONSE:

- During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *No*
- Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, Currently, employees are informed of the direct deposit requirement in their offer letter and during NEO Training. In addition, information regarding the requirement and how to request an exemption is provided in the DCF Employee Handbook.*

Department of Health – DOH (OLO 6400)

The BOSP Post Audit Team requested documentation for DOH's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, all the employee is now enrolled in Direct Deposit.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	5/10/2024	204	Currently Employed	6	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *We do not use the standardized form. We did, however, incorporate the language from the form into our standard Employee Acknowledgement Form, which must be signed by all new employees.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, the department's personnel workflow ticketing system generates a ticket/notice to the employee after 3 paper warrants to complete enrollment in direct deposit or request an exemption using the referenced form, which is also linked in the ticket, along with documentation of the hardship. HR contact is maintained with the employee until direct deposit is either verified or a hardship has been requested.*

Agency for Persons with Disabilities – APD (OLO 6700)

The BOSP Post Audit Team requested documentation for all APD's employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the two employees are now enrolled in Direct Deposit.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	3/1/2024	274	Currently Employed	7+	Now Enrolled in Direct Deposit
Employee 2	9/6/2024	85	Currently Employed	7+	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes, to both. We have added the proper form to our Onboarding, and employees sign and acknowledge the form at that time.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *We do have the correct form for the hardship if requested. The employee completes the form, and it is reviewed for approval and then placed in the employee's personnel file.*

Department of Corrections – DOC (OLO 7000)

The BOSP Post Audit Team requested documentation for five of DOC's 23 employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, all five of the employees declined to comply with F.S. 110.113(2) and no Hardship was provided. Agency responses were provided by two HR employees, both responses have been reported below.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	10/18/2019	1870	Currently Employed	3	Refusal to comply with F.S. 110.113(2) - No Hardship provided
Employee 2	8/15/2014	3760	Currently Employed	7+	Refusal to comply with F.S. 110.113(2) - No Hardship provided
Employee 3	7/8/2022	876	Currently Employed	4	Refusal to comply with F.S. 110.113(2) - No Hardship provided
Employee 4	3/19/2021	1352	Currently Employed	7+	Refusal to comply with F.S. 110.113(2) - No Hardship provided
Employee 5	9/15/2023	442	Currently Employed	7+	Refusal to comply with F.S. 110.113(2) - No Hardship provided

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes. Employees are required to enroll in direct deposit via People First.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, see attached. We do not currently have any employees that have requested a hardship exemption.*

Department of Revenue – DOR (OLO 7300)

The BOSP Post Audit Team requested documentation for all DOR's employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employees provided a Hardship Exemption Request.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	9/13/2024	78	Currently Employed	4	Now Enrolled in Direct Deposit
Employee 2	7/15/2022	869	Currently Employed	4	Hardship Exemption Request

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes.*

- Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes. Employees requesting Direct Deposit Exemption by claiming a hardship are required to complete the DFS-A3-2001 form, provide proof of the hardship, and obtain approval from the Director of the Office of Workforce Management. Approved hardship requests currently must be renewed every year, but we are in the process of revising our procedures to require renewal every two years to align with current DFS requirements. The employee is notified prior to the expiration of their hardship exemption and must submit a new hardship request prior to the expiration of their current exemption.*

Department of Highway Safety & Motor Vehicles – HSMV (OLO 7600)

The BOSP Post Audit Team requested documentation for HSMV's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employee declined to comply with F.S. 110.113(2) and no Hardship was provided.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	9/30/2024	61	Currently Employed	7+	Refusal to comply with F.S. 110.113(2) - No Hardship provided

AGENCY RESPONSE:

- During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Attached is the on boarding form that [the employee] initialed acknowledging the requirement for Mandatory Direct Deposit on date of hire, 09/30/2024.*
- Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *As part of new hire paperwork at FLHSMV a member is required by Personnel to initial the Oath of Loyalty Form. This states that they understand that they are required to participate in Direct Deposit as a condition of employment. It also lets the member know that if they can demonstrate a hardship or can demonstrate that they are unable to establish an account at a financial institution they may request an exemption in writing to the Chief, Bureau of Personnel Services. If the member cannot demonstrate a hardship, they will be asked to participate in Direct Deposit.*

Fish & Wildlife Conservation Commission – FWC (OLO 7700)

The BOSP Post Audit Team requested documentation for all FWC's employees that were receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, one employee was contacted to make corrective action or produce a formal hardship, the other employee is no longer employed by the agency.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	6/24/2022	890	Currently Employed	5	Person is no longer employed at this agency
Employee 2	7/19/2024	134	Currently Employed	7+	Agency contacted employee for corrective action

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *NO, is this required of state agencies. Staff are notified of the requirements for direct deposit during their new hire orientation.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *Yes, Form DFS-A3-2001 is provided upon request to staff. Completed form is stored in employee's personnel file and with the Agency Payroll coordinator.*

Department of Business & Professional Regulation – DBPR (OLO 7900)

The BOSP Post Audit Team requested documentation for DBPR's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employee provided a Hardship Exemption Request. Although the agency stated "Yes" for question #1 below, the documents provided were a checklist for the employee that do not require a signature.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	11/20/2023	376	Currently Employed	7+	Hardship Exemption Request

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *Yes, please see the screenshot of the onboarding document below. We also mention this in our NEO.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *We don't use the standard form; DBPR has its own form. We also have a letter that is sent to employees that should be receiving DD (see attached).*

Department of Juvenile Justice – DJJ (OLO 8000)

The BOSP Post Audit Team requested documentation for DJJ's only employee that was receiving paper warrants since they were hired, or as far back as the PYRL system would allow us to view. As of the agency's response, the employee is now enrolled in Direct Deposit.

Employee	Agency Hire Date	Days Employed as of November 30, 2024	People First Notes	3+ warrants in Sept, Oct, & Nov?	Responses
Employee 1	7/12/2024	141	Currently Employed	7+	Now Enrolled in Direct Deposit

AGENCY RESPONSE:

1. During the onboarding process, does the agency have employees sign and acknowledge the requirement stated in Florida Statute 110.113(2) regarding the mandatory establishment of Direct Deposit using the standardized *Direct Deposit Acknowledgement Form (DFS-A3-2000)* for onboarding employees? *The agency did not provide a response to this question.*
2. Does the agency have procedures in place to properly account for those employees that are requesting Direct Deposit Exemption by claiming a hardship using the standardized *Direct Deposit Hardship Exemption Request Form (DFS-A3-2001)* to use for employees with a hardship? (If so, please briefly describe.) *The agency did not provide a response to this question.*

Recommendations

Effective July 1, 1996, Florida Statute 110.113(2) states the following:

- *“As a condition of employment, a person appointed to a position in state government is required to participate in the direct deposit program pursuant to s. 17.076. An employee may request an exemption from the provisions of this subsection when such employee can demonstrate a hardship or when such employee is in an other-personal-services position.”*

A revision of Florida Statutes 110.113(2) may be needed to better define hardship qualifications and requirements. The last known indication of a potential revision of the statute was provided via Agency Addressed Memorandum #02 in FY 2001-02, by Douglas Darling, then DFS Director of Accounting & Auditing.

Several agencies contacted with this QAR questioned BOSP as to “What defines a hardship?” and some have used the following phrase:

- *“Hardship exemption requests that may receive favorable consideration are work/home locations, physical traits, health conditions or credit history.”*

Agencies should be monitoring paper warrants by routinely reviewing available Report Distribution System (RDS) reports, and consistently enforce the mandate provided in the statute. The agency report available in the RDS has the form ID of “U**S” where the “**” refers to the first two digits of the agency’s org code/OLO. This report runs any day that a payroll is run creating a payment for the agency. The average response from agencies told us that if employees received two consecutive paper warrants, they are contacted via letter/email and made aware of the Direct Deposit requirement while informing the employee some form of discipline could be taken.

- Developing a procedure to monitor paper warrants and, when necessary, request the completion of a hardship waiver which is required if Direct Deposit is not established.

It is recommended that every employee complete and sign the **DFS-A3-2000 Direct Deposit Acknowledgement** form, upon their hiring as part of the onboarding process. The use of “checklists” and the Employee Handbook do not seem to be sufficient since those can be largely ignored.

- JAC (17th Circuit HR) has implemented a “training” using People First that requires employees to acknowledge the Direct Deposit requirement electronically, providing both a date and time stamp.

If an employee then wishes to request an exemption, a **DFS-A3-2001 Direct Deposit and Hardship Exemption Request** can be completed. These forms can be made standard for all agencies across the board. They are published for each agency’s use, in the DFS Accounting & Auditing Forms Library, located under administrative forms: <https://myfloridacfo.com/division/aa/forms>.

Most Biweekly agencies mentioned providing 30 days to have this completed, there were no standards mentioned by monthly agencies, but the equivalent would be 60 days.