

FISCAL ACCOUNTABILITY RULE OVERVIEW

Purpose

Fiscal Accountability Rules (FARs) set parameters for fiscal activities of the City and County of Denver. The purpose of the rules is to assist officers and employees in conducting financial activities and in making fiscal decisions. The rules are not intended to replace critical thinking or to limit the authority or independence of the expending authority, as defined in section 20-16(8), Denver Revised Municipal Code (DRMC) (“Expending Authority”).

The goals of the FARs are to:

- Promote accountability and responsibility for financial activities and assets.
- Ensure legal use of public funds.
- Maintain public trust.
- Promote strong internal controls.
- Establish a framework for financial operations without limiting management discretion or independence.
- Improve the quality, accuracy, and timeliness of the city’s financial reports in compliance with Generally Accepted Accounting Principles (GAAP), and the Governmental Accounting Standards Board (GASB).
- Provide management with financial data that is timely, accurate, and understandable.

FAR Summary

Steps 1 through 6 of the FAR process are explained below.



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Overview

Fiscal Accountability Rules (FAR)

1. A FAR should provide direction at a high level and include the “what” and “why”. A FAR is not a procedure; however, a separate procedure, guide, or one-page summary may be developed to supplement the FAR.
2. A FAR should be clear enough to be applied to unanticipated circumstances.
3. A FAR should not be created as a reaction to an incident. Do not fall into the “Let’s have a policy in case it ever happens again.” Ask yourself first:
 - A. Has such an incident ever happened before?
 - B. Is it really likely to happen again?
 - C. Is this an isolated occurrence?
 - D. Are the consequences of the incident so serious (financially, legally, or operationally) that we need to be sure it never happens again?
4. A FAR should tell the reader why it exists, to whom it applies, when and under what circumstances it applies, and its major conditions or restrictions.
5. A FAR should not be written in legalese. It should be written so that it is understood by a diverse audience.
6. A FAR should be reviewed and updated at a minimum of every four (4) years. It is important to recognize that systems, processes, and the culture are continually evolving, and the FARs, procedures, guides, and one-page summaries must keep pace with those changes. The majority of FARs require some type of update, even if only a minor update, within this time span. If, after reviewing the FAR, it is determined that it remains accurate exactly as published, the FAR will be reissued.

FAR Procedure

7. A FAR procedure provides the “how” and is usually written in a step- by-step or question and answer format with detailed descriptions of how the work is to be performed and who is responsible for performing the work. For an example of a step-by-step procedure refer to the [Vendor Management Procedure](#). For an example of a question and answer procedure refer to the [Travel Procedure](#).

Keep in mind that a FAR procedure is not a work instruction or training document. A work instruction or training document is very focused, highly detailed, and gives step-by-step instructions that walk the reader through how to perform a task, such as how to enter a journal. Refer to the [PeopleSoft 9.1 Budget Journals Guide](#) for an example of a working instruction or training document.

8. A FAR procedure should document the action steps clearly and accurately and describe the process and responsibilities for accomplishing tasks.

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9. A FAR procedure should be organized for ease of use.
10. A FAR may require multiple procedures.
11. A FAR procedure represents an implementation of policy and should evolve over time as new tools emerge, new processes are designed, and the risks associated with an area changes in response to internal or external environmental changes.
12. A FAR procedure should be reviewed and updated at a minimum of every four (4) years.

FAR Guide

13. A FAR guide provides background on a topic and information that will help the reader make a decision. It is generally written in a question and answer format. It differs from a FAR procedure because it does not provide the “how”, or the step-by-step requirements. For examples of a guide refer to the [Supporting Documentation Guide](#) and the [Official Function Guide](#).
14. A FAR may call for multiple guides.
15. A FAR guide should be reviewed and updated at a minimum of every four (4) years.

FAR Form

16. A FAR form should be designed to ensure the user provides complete and accurate information and details. A well designed form should be easy to understand and populate and should be logically organized. For an example of a form refer to the [City Business and Vehicle Request and Status Change Form](#).
17. A FAR may require multiple forms.
18. A FAR form should be reviewed and updated at a minimum of every four (4) years.

FAR One-Page Summary

19. A FAR one-page summary provides a quick overview of a process or a long document. The one-page summary highlights the most important information from a FAR/procedure/guide on one page and prints clearly and legibly. Refer to [Driving at the City](#) for an example of a FAR one page summary.
20. A FAR may call for multiple one-page summaries.
21. A FAR one-page summary should be reviewed and updated at a minimum of every four (4) years.

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How the rules are organized

- Rules are divided into subject areas, each of which contains a group of related rules. For example, **Chapter 7 – Expenditures** contains rules associated with expenditures, such as Official Functions, Vendor Tax Reporting – W-9s, and Vendor Credits. **Chapter 10 – Employee Associated** contains rules that are employee related, such as City Vehicle Use, Travel, and Mobile Devices.
- Each Rule is presented in a standardized format. Each page heading indicates the subject area and the rule number and title. The footer will identify the date the rule was adopted and if applicable the date the rule was revised. Each rule contains the following sections:
 - ✓ **Purpose** – Explains the reason the rule exists. If applicable, this section may reference related City Charter, Ordinance, Fiscal Accountability Rules, Career Service Rules, Procedures and Guides that need to be read in conjunction with the rule to ensure compliance and understanding.
 - ✓ **Definition(s)** – Description of words or expressions used in the rule that allows a reader to approach the content in a more knowledgeable manner and to easily refer back to the definition as needed. If a term has more limited use (for example, it used once), it will be incorporated into the Purpose or Rules sections instead of the Definition(s) section. Not every rule will contain this section.
 - ✓ **Rules** – Describes the expected behavior or action (not the “how”). Each rule should be brief but clear.
 - ✓ **Authority and Accountability (may have the title of Procedures and Forms in older rules)** – The DRMC – Chapter 20 – Finance, ARTICLE VIII. - FISCAL RULES, gives the Manager of Finance the authority to adopt, modify, amend, or repeal a FAR. This authority has been delegated to the City Controller and includes developing, monitoring and revising a FAR, and any associated procedure(s), guide(s), form(s), and one-page summaries. The Controller’s Office will be referenced in every FAR as the responsible authority.

FAR Process

The Controller’s Office will periodically review the rules (every 4 years) to ensure best business practices and industry standards are in place. The team will take into consideration city needs and circumstances, and make changes accordingly.

When an agency/department identifies a need for a new rule, a change, or an abolishment of an existing rule, the following steps must be adhered to:

1. Complete the [Fiscal Accountability Rule Request](#) and submit by email to CTLGeneralAccounting@denvergov.org. Back-up documentation that will support the request must be included.

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- a. New FAR – The person submitting the [Fiscal Accountability Rule Request](#) will need to answer the questions on the form to validate that the request is fiscally related. If the answers to the questions reflect that the suggested request is not fiscally related then a different approach will be considered, for example, possibly a DOF policy, or a change to an existing ordinance or to the code, or it may be as simple as training and communication.
 - b. Change to an Existing FAR (procedure, guide, one-page summary, and/or form) – The reason for the change must be clear and detailed.
2. Requests will be documented and evaluated to determine the appropriateness of the request. A response will be provided to the requestor within one week of receiving the request at the Controller’s Office.
 - a. Denied – An email will be sent to the person(s) that submitted the request explaining why the request was denied.
 - b. Approved – An analyst in the Controller’s Office will draft a new FAR and/or modify an existing FAR and any supplemental documents associated with the FAR. The requestor and subject matter experts will be included in this process to ensure that citywide needs are met. When the draft FAR is completed it will be reviewed to ensure that it is written in a cohesive and similar manner which includes messaging, tone, consistency, formatting, organization, and logic.
 3. The draft of the new/modified FAR will be submitted to the City Attorney’s Office for review to ensure legal compliance.
 4. The draft of the new/modified FAR (and any supplemental documents) may be shared with the Finance Officers Group. This step is important to gather agency/department perspective and support. Comments will be reviewed and may be incorporated.
 5. Approved new/modified FAR is adopted by the City Controller.
 6. New/modified FAR is published on DenverGov and a communication is sent via the Financial Network.

Roles/Responsibilities

Controller’s Office FAR Analyst

- Analyst will manage the FAR rule process from initial development to issuance.
- Analyst will draft FAR based on information provided by the SME. FAR must be comprehensive and include compliance mechanisms and best business practices, as applicable.

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- Analyst will ensure the FARs and supplemental documents are written in a cohesive and similar manner which includes messaging, tone, consistency, formatting, organization, and logic.
- Analyst will make final determination on rule vs. procedure categorization.
- Analyst will administer the SME, Finance Officers Group, and City Attorney review process.
- Manager reviews associated FARs and governing statutes for accuracy and compliance and if necessary, recommends change.
- Analyst issues rules and manages communication.
- Analyst establishes matrix to, at a minimum, review and reissue FARs on a 4-year rotating basis, or as new tools emerge and new processes are designed.

Department/Agency/SME

- Provide information/requirements to the FAR Manager/Analyst for FAR creation/revision.
- As requested, provide feedback on FAR in a timely manner.
- Monitor the accuracy, ease of use and compliance of the FAR/procedure. When there is a high level of non-compliance or when there is a large number of questions regarding a process, the agency/department should review the FAR and the supplemental procedures, guides, one-page summaries, and forms to identify problem areas that may be the source of confusion.
- Work with the Controller's Office to make revisions to current FAR.

Any questions regarding the **Fiscal Accountability Rule Overview** should be submitted by email to CTLGeneralAccounting@denvergov.org. For a complete list of current FARs, visit www.denvergov.org/Finance.

We look forward to working with you.