



CITY OF DETROIT  
OFFICE OF THE CHIEF FINANCIAL OFFICER

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**CFO DIRECTIVE**  
**No. 2018-105-001**

**SUBJECT:** Manual Journal Entries  
**ISSUANCE DATE:** December 21, 2018  
**EFFECTIVE DATE:** December 21, 2018

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1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2), as amended by Public Act 182 of 2014, states the chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.

2. OBJECTIVES

- 2.1. To ensure accounting transactions are completed according to industry standards.
- 2.2. To ensure financial reporting is timely and reliable.

3. PURPOSE

- 3.1. To establish a policy for preparing, supporting, reviewing, approving and posting manual journal entries to the City's General Ledger.

4. SCOPE

- 4.1. This Directive applies to all manual journal entries posted to the City's General Ledger and all individuals who prepare, approve, and post manual journal entries to the City's General Ledger.

5. RESPONSIBILITIES

- 5.1. The Deputy CFO-Controller/Chief Accounting Officer shall be responsible for the oversight and administration of this Directive and, in coordination with applicable Deputy CFOs, shall designate the authorized Class of Preparers and Approvers of manual journal entries. Exceptions to these designations may be granted on an as-needed basis.
- 5.2. Preparers are responsible for preparing manual journal entries in accordance with this Directive. Approvers are responsible for reviewing and approving manual journal entries in accordance with this Directive.

6. POLICY

- 6.1. The Office of the Controller – General Accounting shall designate the authorized list of Preparers and Approvers of all manual journal entries and, no less than annually, review and update the authorized list.
- 6.2. All manual journal entries shall be promptly reviewed and approved by a designated Approver to ensure accounting transactions are recorded to the proper accounting period (i.e. the period the accounting event occurred). The designated Approver must be an individual other than the Preparer of the manual journal entry.

- 6.3. Manual journal entries shall not be used in place of recording transactions that are to be recorded in Oracle Cloud ERP sub-ledgers (Accounts Receivable, Accounts Payable, Fixed Assets, etc.).
- 6.4. Manual journal entries shall not be used to correct transactions posted through Oracle Cloud ERP sub-ledgers to the extent that the sub-ledgers have the functionality to make adjustments to previously processed accounting transactions.
- 6.5. All manual journal entries shall be balanced in total (total debits equals credits) and by fund type.
- 6.6. All manual journal entries shall have appropriate supporting documentation attached in Oracle Cloud ERP. Appropriate documentation shall explain why the manual journal entry is required and shall be in enough detail such that an independent party can follow and substantiate the need for the journal entry. All manual journal entries shall require a comprehensive description explaining the reason for the journal entry. All descriptions shall be in detail such that an independent party can understand the nature and purpose of the transaction. The Office of the Controller shall periodically audit supporting documentation and, if necessary, provide requisite training to ensure supporting documentation meets this standard.
- 6.7. All manual journal entries shall be prepared (including attaching supporting documentation) and sent for approval in a single session. All such manual journal entries shall be approved by the authorized Approver within five (5) business days after being sent for approval. All manual journal entries that do not have supporting documentation or that remain in an “unposted” status will be deleted monthly before month-end closing is completed.

## 7. DEFINITIONS

- 7.1. *Approver*: personnel in a Division of the Office of the Chief Financial Officer that are in management or supervisory roles. Personnel must have the requisite accounting knowledge, Oracle Cloud ERP General Ledger access and training.
- 7.2. *Class*: an individual's level of responsibility in the Office of the Chief Financial Officer (e.g. staff versus supervisor, versus manager, etc.).
- 7.3. *Manual Journal Entry*: an accounting transaction posted by individuals to the General Ledger outside of an automated interface to the Oracle Cloud ERP General Ledger. Examples of routine manual journal entries include allocations, accruals and deferrals. This also includes non-interfaced tax and revenue sub-systems used by various departments such as BS&A, CityTax, etc.
- 7.4. *Preparer*: personnel in a Division of the Office of the Chief Financial Officer. Personnel must have the requisite accounting knowledge, Oracle Cloud ERP General Ledger access and training.

**APPROVED**



Eric S. Higgs

*Deputy CFO- Controller/ Chief Accounting Officer, City of Detroit*