

Overview – Interfund

Perspective

Health System Interfund Explained

A. Why is there a Health System Interfund?

- The UPHS financial statements are consolidated into the University's statements on a monthly basis
 - Inter-entity transactions must be recorded in the general ledger of both the University and UPHS in the formats required by each accounting system
 - The inter-entity activity must be reconciled each month to ensure that all activity is properly recorded by both entities
 - Inter-entity activity is eliminated after the entries are consolidated for financial reporting purposes

B. How is UPHS set up in BEN Financials ?

- Interfund activity is recorded to specific account code combinations
 - UPHS Center 21 activity is recorded to:
 - **21x-21xx-1-000000-15xx-xxxx-xxxx**
 - CPUP activity is recorded to:
 - For PSOM – **400-4xxx-2-014003-15xx-3407-xxxx**
 - For SDM – **510-5xxx-2-000000-15xx-3410-xxxx**

C. What is the Health System Interfund?

- The Health System (HS) Interfund is used to record financial activity that occurs between the University and its related entities --- specifically, the University of Pennsylvania Health System (UPHS)
- Generally, these activities include:
 - Internal revenue
 - Budgetary Transfers
 - Capital Support
- These journals are recorded to an intra-company receivable/liability account, using a **15xx** Object Code
 - The related entity books an entry in its general ledger to record the corresponding liability or receivable

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The critical elements for the creation of interfund transactions are:

- **For Center 21 transactions:** Getting the proper six digit Lawson number **(list inserted here)** and five digit UPHS COA number **(list here)**
 - This information should be obtained from the contact person at UPHS whose department will be charged/credited with the expense/revenue
- **For CPUP transactions:** Getting the proper 4 digit org number to charge the appropriate CPUP department

Note: The preparer of the journal may list each transaction to the interfund account individually or may summarize transactions to the interfund as long as the individual transactions making up the summarized entry to the interfund are charged to the same UPHS Lawson-UPHS Chart of Accounts number