

Procedural Statement Title: Foreign Currency Procedure

Functional Area: Research Administration

Effective Date: Approved by:	September 30, 2015 Gary Henry, Assistant Vice Chancellor for Research and Director Vicki Nichol, Campus Controller
Responsible Offices:	Office
Procedural Statement Contact	Alexa Van Dalsem, Senior Director, Office of Contracts and Grants
Last Reviewed/Updated:	January 7, 2025

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The University is participating in an increasingly global world which has many 1 3(1 3(1 3(1 3(1 3(1 3(1 3(1 3(1 2))

Historical information indicates that the average foreign currency variation for sponsored projects has been 15%. The OCG Proposal Analyst will include a line item for a foreign currency reserve of at least 15% of total project costs, dependent on sponsor allowability. (For some projects, a higher reserve amount may be needed).

Bank transaction costs of \$50 a month will also be budgeted dependent on sponsor allowability. If payment is known to be less than monthly, then the cost will be reduced accordingly.

Prior to submission, the department chair, or a similar authorized official,

Foreign Exchange Risk Acceptance Form.

B. Award Negotiation/ Acceptance

During the award negotiation, the OCG Award Officer will attempt to negotiate favorable language for the University related to foreign currency exchange. Such language may include payment in U.S. dollars (removing the award from the foreign currency procedure), advance payment of all funds, or an accelerated payment schedule to reduce the risk, and sponsor assumption of the risk where an increase in the foreign currency costs relative to the U.S. dollar would result in an increase in the award value.

If the sponsor is unwilling to accept this risk, the OCG Award Officer will rely on the completed Foreign Exchange Risk Acceptance Form. On the form, the department will need to provide a SpeedType that will be charged at the end of the project if the foreign currency reserve is insufficient or if the cash receipts do not match the expenditures. If the award budget does not include the foreign currency reserve, an internal revised budget

including the reserve will be required. The revised budget, including the reserve, will be used in instances where foreign currency exchange rates would otherwise represent a potential financial loss for the University. The Officer will work with the PI and department to make the adjustment.

C. Award Management/Completion

InfoEd will reflect the awarded budget in USD including a line for foreign currency contingency budget in account code 960510. Direct and indirect budgets will be reduced accordingly to cover the foreign currency contingency amount, not to exceed the total funded amount. (*Note: percentage of contingency may be adjusted depending on specific foreign currency.*)

The foreign currency reserve will be recorded in PeopleSoft using the account code 960510. A credit line in the budget for the amount in account code 960510, and the two accounts will net to zero. Please note 960510 is a budget code that is not reflected on the sponsored award document. The value in InfoEd will be the authorized award budget valhot4(e)6(n)9(o)6(t)-21(e)6(

RFS will communicate with the department regarding cash receipts and the impact on foreign currency fluctuation. Adjustments to the overall budget will be made based on the amount of the payment received. RFS will work with the department to determine the adjusted budget amount for each payment received. RFS will enter the adjustment, and the budget update will be reflected in the m-fin financial reports.

• The budget will be adjusted when the actuals received are greater or less than the budgeted amount. For example, if the budgeted amount is 10,000 euros at \$7,500, but the invoiced amount for 10,000 euros results in actuals of \$5,000, the reserve will be decreased by \$2,500.

Once the award period of performance has ended, the RFS team will conduct a final review of expenditures, budget modifications, a.

Foreign Exchange Risk Acceptance Form

Cognos Report: m-Fin Payments Received

Changes	Date	Approved By
Adopted	9/30/2015	Denitta Ward and Laura Ragin
Revised: Updated to new format, minor edits, updated SPA to RFS or CCO, replaced history paragraph related to	1	I

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