



RESEARCH FINANCE PROCEDURE

Sponsored Awards Issued in Foreign Currency

Approval Authority:	Vice Chancellor for Finance, Information technology and CFO
Responsible Administrator:	Controller
Responsible Office:	Finance
Procedure Contact:	Senior Director, Research Finance

Originally issued:
March 2024
Current version
effective as of:
March 2024

PROCEDURE PURPOSE

This procedure sets out a process to minimize foreign exchange risk to Vanderbilt University and highlights the additional responsibilities of receiving sponsored awards from and providing subaward funding to foreign entities.

THIS PROCEDURE APPLIES TO

The procedure document applies to Principal Investigators and administrators managing sponsored awards with foreign entities.

PROCEDURE

Vanderbilt University seeks to minimize its exposure to foreign exchange risk. Entering into sponsored agreements denominated in foreign currencies is strongly discouraged. Principal Investigators and Research Administrators should be aware of the associated risk when entering into these types of agreements. The leading risk is foreign exchange rates will fluctuate. Any drop in the rate may adversely affect the Principal Investigator's ability to complete the project with the funds available.

During the award negotiation, SPA will recommend favorable language for the University. Such language may include payment in U.S. Dollars, advance payment of all funds, an agreed upon exchange rate (based on the exchange rate at time of award), or an accelerated payment schedule to reduce the risk.

If favorable language cannot be negotiated, the award will be set up in the University's system with a fixed budget based on the *exchange rate at the time the award was executed*. Receipts of payment from the sponsor will be recorded at the current exchange rate at the time of receipt. This creates foreign exchange risk because the rate at time of award and receipt of payment will likely be different. If an exchange rate gain is realized, the associated department will be credited with the funds. If an exchange rate loss is realized, the exchange rate loss will be the responsibility of the department and/or school of the Principal Investigator. Further wire fees incurred as part of doing business with foreign institutions will be the responsibility of the department and/or school of the Principal Investigator.

The department and/or school will need to monitor currency fluctuations by comparing cash receipts to the budget. Oracle reports to help in departmental monitoring would be [AR Invoice and Receipt by Award](#) and [Monthly Award & Project Overview](#) which details the invoiced and actual received (i.e. receipt) amount. The AR Aging is sent to the CBO or CBO designate monthly which contains notes on outstanding receivables including note of any foreign exchange currency discrepancies.

DEFINITIONS

- **Exchange Rate** — The relationship between the value of the U.S. dollar and the value of a unit of foreign currency at any point in time; the exchange rate is used to convert a given foreign currency amount to a U.S. dollar equivalent amount.
- **OANDA's free currency converter** —free currency converter to check the latest foreign exchange rates. When calculating the exchange rate, Departments and Subawardees must use www.oanda.com, +/- 2%, Selling Price.

ADDITIONAL CONTACTS

Subject	Contact	Office	Phone	Email
Research Finance-Accounting	Research Finance	Research Finance	N/A	Postaward-accounting@vanderbilt.edu



LINK TO CURRENCY CONVERTER: <https://www.oanda.com/>

STEP 1

Select Interbank rate

The screenshot shows the OANDA Currency Converter interface. The main display shows a rate of 1.08311. Below this, there are tabs for USD, GBP, and ETH. A dropdown menu for 'Preview interbank rate' is open, showing '+/- 0%' with a downward arrow and a question mark icon. To the right of the dropdown is a 'Print' button with a printer icon. Below the dropdown, it says 'uchstone FX rates compiled from leading market data'. On the right side of the interface, there is a summary section showing a rate of 1.07149 for Jan 25, a '30D' button, and a table of 'Bid S' rates for Min, Avg, and Max, all showing 1.0. At the bottom right, it says 'EUR/USD for the 24-h Thursday, Feb 22, 20: These values represent rates OANDA receives'.

STEP 2

Click on +/- 2% (Typical ATM rate)

The screenshot shows a currency converter interface. At the top, a rate of 1.08311 is displayed. Below it, there are tabs for USD, GBP, and ETH. A dropdown menu is open, showing options for different rate types: +/- 0%, +/- 1%, +/- 2% (Typical ATM rate), +/- 3% (Typical Credit Card rate), +/- 4%, and +/- 5% (Typical Kiosk rate). The +/- 2% option is highlighted with a red border. To the right, there is a table with columns for Bid, Sell, 1 EUR, Ask, and Buy 1 EUI. Below the table, there is a section for 'Convert US Dollar to Euro' with flags for USD and EUR, and a section for 'FX data API'.

Bid	Sell	1 EUR	Ask	Buy 1 EUI
1.08024				1.08040
1.08311				1.08326
1.08864				1.08880

STEP 3

Select foreign currency

The screenshot shows a currency converter interface titled 'CURRENCY CONVERTER'. The main heading is 'to US Dollar'. Below the heading, there are two input fields. The left field is set to 'EUR Euro' and has a dropdown arrow icon. The right field is set to 'USD US Dol'. Below the input fields, there is a large grey box for the converted amount, which is currently empty. To the right of this box, there is a green double-headed arrow icon and another large grey box containing the number '1.06145'. At the bottom, there are tabs for GBP, BTC, USD, GBP, and ETH.

STEP 4

Input foreign currency amount to obtain USD dollar amount

Dollar

GBP Great British Po... × ▼

USD US Dollar ▼

↔

GBP EUR BTC USD GBP ETH

Date < 23 February 2024 > 📅 Preview interbank rate +/- 2% ▼ ?

[Hide Advanced Currency Data](#) 🖨️ [Print](#)

OANDA's currency calculator tools use OANDA Rates™, the touchstone FX rates compiled from leading market data

STEP 5

Click on printPrint and save in VERA or with award files

USD GBP ETH

Preview interbank rate +/- 2% ▼ ?

🖨️ [Print](#)

one FX rates compiled from leading market data

30D 6

	Bid	Sell	1 G
Min		1.26109	
Avg		1.26532	
Max		1.27084	

GBP/USD for the 24-hour peri
Thursday, Feb 22, 2024 23:51
These values represent the da
rates OANDA receives from m