

PROCEDURE NUMBER: FINA 5.10 Procedure

SECTION: Administration and Finance

SUBJECT: Contracts in Foreign Currency

DATE: October 1, 2025

REVISION:

Procedure for: All Campuses

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Issued by: Administration and Finance – Controller’s Office

Procedure

The University Administration and Finance Division, Controller’s Office, will ensure compliance with University Policy FINA 5.10. This procedure is applicable to campuses, units, departments, centers, and administrators at the University who are involved with entering into and signing contracts. The purpose of this procedure is to supplement the associated policy by providing additional detail regarding contracts in foreign currency.

University Policy **FINA 5.10 Cash Management** specifies “The University is a U.S. dollar-based institution. As such, the University only accepts and invoices funds in U.S. dollars.”

To comply with this policy, manage the University’s risk exposure, and ensure proper financial management, contracts denominated in foreign currency should not be entered into or signed, including sponsored awards. Early planning and clear communication with contractors and sponsors must occur to ensure compliance. See University Policy **BTRU 1.04 Authority to Sign Contracts** for additional information on contract signing authority.

If a contractor or sponsor will not agree to a contract denominated in U.S. dollars, the details of the agreement must be promptly sent to the University Controller prior to signing to facilitate additional assessment and the determination of next steps.

The following standard methodology, restrictions, and requirements will be followed when assessing and managing exceptions. Approval is not guaranteed.

Foreign Currency Fluctuations

Foreign currency fluctuations are unpredictable and can significantly affect the value of contracts. For example, when the U.S. dollar strengthens, the value of foreign currency

decreases. As a result, a fixed amount of foreign currency will convert into fewer U.S. dollars than originally anticipated.

- Example: If 10,000 Euros was initially estimated at \$13,400 (based on an exchange rate of 1.34 USD/Euro), but the exchange rate shifts to 1.09 USD/Euro, the actual value of the 10,000 Euros received would be only \$10,900.

Principal Investigators (PI) and departments **must** accept the financial risks associated with foreign currency fluctuations. Any shortages due to unfavorable fluctuations must be absorbed by departmental funds (A or E funds only). Acknowledgement of this responsibility and the risk of loss related to foreign currency exchange rates must be documented within a memo and signed by the PI, Department Chair, and Dean. The Office of Sponsored Awards Management will retain this documentation as part of the executed award documentation.

The PI and department **should not** anticipate getting the full award amount. Standard practice will be for Grants and Funds Management (GFM) to reduce the award budget to 90% of the estimated value to account for potential fluctuations in currency value over the life of the award. Additional review will occur no more often than quarterly to determine if further adjustment is necessary, as it is not feasible for adjustments to occur constantly based on market rate.

Invoicing and Reporting

See [FINA 3.00 Procedure – Award Setup](#) for GFM's standard invoicing processes. Invoicing and reporting **must** occur in U.S. dollars. The contractor/sponsor is then responsible for completing the appropriate conversion and payment.

The department will be responsible for the administration of any non-standard terms that require invoicing and reporting in foreign currency as well as the acceptance any risk associated with noncompliance, which must be documented and attested to within the Acknowledgement Form included in the award documentation. In these instances, the following division of responsibility must be followed:

Controller's Office	Department
• Provide a tracking template to departments to assist with conversions. • Submit invoices to sponsors. (<i>Only GFM is authorized to complete this function</i>) • Apply payments in PS Finance. • Record wire fees in PS Finance.	• Record expenses in PS Finance. • Calculate and record any indirect costs in PS Finance. • Prepare invoices, in accordance with all sponsor requirements, and submit them to GFM. • Provide departmental account(s) for fees (e.g., wire fees). • Prepare and submit financial and technical reports in accordance with all sponsor requirements. • Reconcile and closeout award in PS Finance.

To mitigate the risk associated with foreign currency fluctuations, only fixed price invoicing will be authorized – no cost reimbursable invoicing should occur. In addition, the fewest number of invoices and highest possible upfront payment will be sought.

Foreign Currency Conversion

The University banks with Wells Fargo. As such, the University is explicitly restricted in the types of foreign currencies that can be received and converted, which may be subject to change based on Wells Fargo policy. Based on this limitation, **no exceptions** can be made to accommodate other foreign currencies.

Wells Fargo customers can receive these foreign (non-USD) currencies:					
AED	AUD	BHD	CAD	CHF	CNH
CZK	DKK	EUR	GBP	HKD	HUF
ILS	JOD	JPY	KWD	MAD	MXN
NOK	NZD	PLN	QAR	RON	SAR
SEK	SGD	THB	TRY	ZAR	
EMEA		APAC		Americas	

To mitigate the costs associated with accepting foreign currency, a fee of \$35 will be charged to the department (A or E funds only) by the Controller’s Office for each invoice sent that results in a payment requiring conversion to U.S. dollars.

History of Revisions:

DATE OF REVISION	REASON FOR REVISION
June 1, 2025	New Procedure
July 1, 2025	Added History of Revisions section
October 1, 2025	Added detail regarding the standard methodology, restrictions, and requirements for exceptions