



Currency Exchange Job Aid

(Updated 01/07/26)

Overview

Historically, we have had sponsor projects where the sponsor awards and pays in a foreign currency. This prompts potential financial shortfalls due to currency rate fluctuations. This may also prompt international wire/transaction fees. To avoid this going forward, SPA will make every effort to negotiate US currency in all funding mechanisms.

PROPOSAL STAGE

For internal purposes only, PI/Unit must develop and upload into the Grants Portal a budget in US dollars based upon the exchange rate in effect at the time of proposal submission.

AWARD STAGE

SPA will attempt to negotiate award/payment in US dollars. SPA will also attempt to negotiate sponsor is responsible for any international wire/transaction fees.

If sponsor is unable to negotiate award/payment in US dollars:

- If award equals proposal budget in US dollars, SPA will use this for award setup.
- If award is less than proposal budget in US dollars, PI/Unit must provide an updated budget in US dollars.
- SPA will remind PI/Unit of their responsibility for any financial shortfalls associated with currency conversion and international wire/transaction fees.
- PIs/Units should plan for budget fluctuations during the award lifecycle and identify where any underpayments will be absorbed.

AWARD MANAGEMENT STAGE

- As payments are received, SPA will process Award Modifications/ in the Grants Portal to adjust the sponsor budget to align with payment amount/s.
- PI/Unit will be notified to spend accordingly based upon the new budget.

AWARD CLOSEOUT STAGE

If a final invoice is underpaid due to currency fluctuations, SPA will determine a revised final expense amount and work with the unit to move off project expenses to cover the underpayment. The PI/Unit will be responsible for any shortage.



Example

Sponsor: Oslo Metropolitan University

Awarded: September 2021

Award Amount: \$32,522 = NOK 294,000

Exchange Rate in September 2021: \$1.00 = NOK 9.04

Periodic disbursement yearly as follows:

a) January 2023: **147 000 NOK**

b) January 2024: **147 000 NOK**

Date payment was received: March 2023

Payment amount received: \$13,231.32 = NOK 147,000

Exchange Rate in March 2023: \$1.00 = NOK 11.11

Short payment: \$3,029.68 (\$16,261.00 - \$13,231.32)

This example shows how changes in exchange rates can affect the amount of money received from a foreign sponsor.

1. **Original Award (September 2021)**

The sponsor, Oslo Metropolitan University, awarded a total of (Norwegian Kroner) **NOK 294,000**. At the time, the exchange rate was **1 USD = 9.04 NOK**, so the award was worth **\$32,522** in U.S. dollars.

2. **Payment Received (March 2023)**

A partial payment of **NOK 147,000** was received. But by then, the exchange rate had changed to **1 USD = 11.11 NOK**, meaning the U.S. dollar was stronger.

3. **Impact of the Exchange Rate Change**

Because the dollar was stronger, the same amount of NOK converted to **fewer U.S. dollars**. So instead of receiving the expected **\$16,261** (half of the original award), UGA only received **\$13,231.32**.

4. **Resulting Short Payment**

The difference between what was expected and what was received is: $\$16,261.00 - \$13,231.32 = \$3,029.68$. This **\$3,029.68** is the **short payment** caused by the change in exchange rate.

5. **Budget Modification Needed**

Due to the short payment, SPA will process a budget modification in the Grants Portal to reduce the budget on the project by \$3,030 (reducing each line item proportionally). The budget in the Financial Management System will be adjusted accordingly.

6. **SPA team will send notification to PI and Department Administrators that reads:**

"This is to inform you that due to currency exchange fluctuations, Invoice XXXXXX in the amount of \$x,xxx.xx was short paid/overpaid (choose one) by \$y,yyy.yy on Project WWWWWW. SPA Post Award will process a modification in the Grants Portal to adjust the budget in FMS. Please spend accordingly for the new budget amount of: \$z,zzz.zz on Project WWWWWW.