Receiving Awards from Foreign Sponsors – Financial Issues
Issues

- What currency is the agreement in to determine the ultimate amount of the award.
- Unfamiliar Terms & Conditions
- Audit requirements
- Documentation issues with receipts
- Potential added risk depending upon where the work is being conducted
- Requirement or need to provide funds in advance
Potential risk of loss from fluctuating foreign exchange rates, or gain
  - What date is used to convert the expenses, date incurred, last day of reporting period
  - Funds received or paid incur conversion and banking fees - who will pay those fees?
  - What date is used to convert the expenses, date incurred, last day of reporting period
  - Additional effort to report in foreign currency
Unfamiliar Terms and Conditions

- Limitation on F&A Rate or a stated flat rate
- US Sales Tax is not an allowable expense and must be removed from all purchases
- While Value Added Tax (VAT) is allowable, US travelers must request a refund that may not be received until a year or more later.
- Personnel Costs - Some require the actual time records for the number of hours worked be identifiable and verifiable from the institutions records.
- Final report due in 60 days and must include audited certificate on the financial statements
Audit

- Some require a separate audit must be performed and a “Certificate on the financial statements” be completed.
- What triggers the audit – an expenditure threshold or time period:
  - EU was 475 EUR and new program Horizon 20/20 is 325 EUR.
  - What happens is exchange rate changes.
- Identify an auditor that can sign the certification required.
- Can the cost of the audit be included in the total cost of the award?
- If not, will the PI, department or central pay?
Can you read and understand the invoice in a foreign language.

- A margarita in Spanish or a bottle of wine in Swedish is still an alcoholic beverage

Some countries require cash to be paid for transportation, protection, incentives to obtain permits or to have your vehicle there when you return. Some of these individuals do not provide receipts with their preprinted name, address, taxpayer identification number

Some subawardees or vendors have limited working capital and require upfront funds to begin project