

Guidance on Fixed Price Sponsored Awards:

A Fixed Amount Award is a type of grant agreement under which the awarding agency or pass – through entity provides a pre-determined funding cap rate without regard to actual costs incurred under the award. Accountability is based primarily on performance, deliverables and results, and not financial reporting.

The University's mission is not to seek profit from its research activities and sponsored awards; significant amounts therefore bring into question the validity of the proposed budget. Pricing of fixed price awards must be done with care to limit financial risk and mitigate significant residual balances. The budget is developed prudently and due diligences is done properly on every budget line/category.

The Award amount is set using the cost principals or other pricing information as a guide, where adequate cost pricing data should be available to establish a fixed amount award based on reasonable estimate of actual cost. PIs and administration must prepare accurate budgets to fully capture all items necessary for the completion of the project.

Payments on fixed price awards are not reimbursement for actual project cost but predetermined payments based on an agreed upon schedule/deliverables, knowing that the accuracy of the budget, based on which the fixed price agreement was granted, is the prime responsibility of the PI.

Closing out the Fixed Price Agreement:

At project completion, there might be a discrepancy between actual expenditures and award budget on fixed price awards. When costs exceed the awarded amount, the additional cost will be borne by AUB. When costs are below the awarded amount, AUB will retain the unspent balance. Documentation of expenses incurred during the award activities, including but not limited to: personnel, equipment, supplies, etc... follow internal AUB cost documentation procedures.

Unspent funds will be transferred to the dean's office discretionary fund under the PI's name to be used to support research activities (note: This account cannot be used for Faculty and PI's salaries). When AUB retains such balance, Office of Grants and Contracts (OGC) makes a decision on the transfer of the residual balance (with 30% overhead deducted as spent funds) and advises the Comptroller's office of such transfer.

OGC management considers significant amounts, for the purpose of this guidance. When unspent balance is considered significant, AUB will communicate, document and share reasons for the discrepancies as lessons learnt for future proposals and awards.