

## **Procedures for the Administration of Fixed Price Agreements**

Fixed price agreements are a funding mechanism used to support an activity at a fixed funding level in exchange for deliverables or services outlined in the agreement. During the development of a fixed price agreement the Principal Investigator (PI) works with the Office of Sponsored Programs (OSP) to develop a budget with a level of detail appropriate for the funding source. All costs incurred in support of the completion of the project deliverables must be charged to the project fund established by OSP at the time of award.

Fixed price agreements have a degree of risk as deliverables must be met even if costs incurred exceed the funded amount. The PI and their academic unit are responsible for covering any costs incurred in excess of the funded amount.

In some cases the funded amount exceeds the costs incurred. After the appropriate overhead charge is applied to the residual balance the remaining amount will be transferred to the PI pool fund to be used by the PI in support of research and consistent with university policies. The process for closeout and the transfer of the residual balance is described below.

- 1) Final invoice submitted by OSP after confirmation that final deliverables have been completed and submitted by the PI.
- 2) PI ensures all expenditures have been charged to the sponsored project fund.
- 3) Final payment received and applied to sponsored project fund.
- 4) OSP will complete a final review of the total expenditures and payments posted to the fund and will reach out to the PI and department and/or college administrator to resolve residual balances if applicable.
- 5) If the residual balance is less than 15%, OSP will assess and distribute an amount equal to the F&A rate established for the agreement. OSP will prepare a manual journal to distribute these funds according to the distribution formula agreed to on the routing form. The remaining residual balance will be moved to the PI Pool Org.
- 6) If the residual balance is more than 15%, OSP will send the PI a Fixed Price Agreement Closeout Worksheet (see below) for completion and sign-off by PI, Department Chair and Dean/Director (or designee). After the worksheet has been completed, OSP will assess and distribute an amount equal to the F&A rate established for the agreement. OSP will prepare a manual journal to distribute these funds according to the distribution formula agreed to on the routing form. The remaining residual will be moved to the PI Pool Org.
- 7) If the residual balance is more than 35%, OSP will discuss with PI, Department Chair and Dean/Director to ensure appropriate documentation on file. The signed closeout worksheet and all supporting documentation will be sent to the controller for review. All balances over 35% must be reviewed and approved by the Controller prior to fund transfer.