

Fixed Price Awards

Fixed price sponsored awards are made by an external sponsor to UMBC in which an agreed upon, set price is determined for the project to be accomplished. The total award amount is not subject to increase or decrease, and UMBC is responsible for completion of the agreed upon tasks even if the awarded amount is insufficient to cover project costs. There is no expectation that excess funds be returned to the sponsor.

Principal Investigators (PIs) and administrators must prepare accurate, detailed proposal budgets, and costs associated with the fixed price sponsored award to fully capture all resources necessary for the work performed on the project. As a non-profit institution, the University's mission is not to seek profit from its research activities; therefore, significant residual balances on fixed price sponsored awards may call into question the validity of the proposed budget and potentially affect the University's tax-exempt status. Depending on the circumstances and the source of funds, an occasional residual in excess of 10% is usually not a cause for great concern. However, repeated instances of excessive residuals, especially in projects overseen by a particular investigator or within a specific department or unit, are problematic. Patterns of excessive residuals indicate that either some project costs are not being appropriately charged to the project accounts (usually meaning that the university is unintentionally subsidizing the work) or projected costs are not being estimated correctly. Inflated prices can lead to charges of violation of cost and pricing regulations if federal funds are involved.

Administering a fixed price award

- Fixed price awards will receive a restricted chartstring and be established for the time period of the project.
- The budget loaded into PeopleSoft reflects the PIs anticipated expenditures; however the PI has flexibility in actual expenditures without requiring prior approval of the sponsor.
- The Principal Investigator is responsible for delivering tasks or reports on time. Most fixed price awards tie the final payment to the final task or report. Late reports or deliverables are a violation of the terms of the agreement and could result in lack of payment by the sponsor.
- Any project expenditures over the amount specified in the agreement are the responsibility of the Principal Investigator. If the Principal Investigator is unable to cover these excess expenditures, the responsibility becomes that of the department chair.

- Outstanding expenditures due to lack of payment because of violation of contractual terms is also the responsibility of the Principal Investigator or the department chair.

Closing out a fixed price award

- Once the project is completed, it will be closed using standard closing procedures. In order for an unspent balance to be considered a residual balance, it must meet the following conditions: all deliverables must have been completed and approved by the sponsor, all costs incurred to meet the deliverables of the agreement have been charged to the project, and all payments from the sponsor have been received.
 - ✧ If the project carried less than full F&A, unspent funds will be applied to recover F&A up to the appropriate F&A rate (but no more than the residual funds).
 - ✧ If remaining residual funds equal 10% or less of the total award amount, funds will be placed into an unrestricted account for use by the PI.
 - ✧ If remaining residual funds equal more than 10% of the total award amount, a justification for the large balance must be submitted to OCGA. If the justification is adequate, remaining residual funds will be distributed to the PI. If the justification is inadequate, a course of action will be determined.
 - ✧ The sponsored chartstring will not be kept open in order to allow expenditure of the residual funds.