



Research Office Policy 19-004  
**Fixed Price Awards**

**Responsible Executive:** VP for Research  
**Responsible Office:** Office for Sponsored Research and Award Administration  
**Effective:** 9/1/2018  
**Last Revised:** 12/01/2018

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**I. Policy Statement**

Oregon State University is the recipient of grants and contracts to fund sponsored projects, some of which are issued by the sponsoring agency as fixed price agreements. This policy provides guidance to ensure the appropriate risk-mitigation, administration and close-out of fixed price awards.

**II. Reason for Policy**

Oregon State University (OSU) has a responsibility to comply with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance"), as well as sponsor terms and conditions and University policy when administering sponsored project funds. The financial administration of fixed price agreements differs from the more common cost-reimbursable awards so requires special attention and procedures.

Fixed price awards may pose additional risk to the University. The level of funding provided by a sponsor is fixed and careful consideration must be taken to estimate an appropriate budget, contract favorable terms, and financially administer the award.

**III. Scope & Audience**

University wide. OSU personnel involved with the conduct and administration of fixed price sponsored award activities are affected by this policy.

**IV. Definitions**

- **Allocable Cost** –A cost assigned to a sponsored award or other cost objective where the goods or services involved are chargeable or assignable to that sponsored award or cost objective in accordance with relative benefits received.
- **Direct Costs** - Those costs that can be identified specifically with a particular project, or other internally or externally funded activity, or can be assigned to such activities relatively easily with a high degree of accuracy.
- **Facilities & Administrative (F&A or Indirect/Overhead) Costs** – those costs incurred for a common or joint purpose benefitting more than one cost

objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

- **Fixed Price Award (Fixed Amount Award)** - An agreement in which a price is determined in advance for the performance of a specific project or scope of work regardless of the ultimate cost to complete the project. Accountability is based primarily on performance and results. Fixed price awards can be in the form of grants, cooperative agreements or contracts.
- **Residual Funds** – An unobligated, unspent balance remaining in a sponsored award account at the conclusion of the project. For a fixed price award, these are funds that remain in the project account after deliverables have been completed and accepted by the sponsor, all direct costs needed to fulfill the requirements of the award have been charged to the project index, any final adjustments to recoup under-recovered indirect costs have been made, and all payments from the sponsor have been received.

V. **Website (specific to this policy)**

<http://research.oregonstate.edu/osraa>

VI. **Contacts**

Department	Phone Number	Website
Office for Sponsored Research and Award Administration (OSRAA)	541.737.4933	<a href="http://research.oregonstate.edu/osraa">http://research.oregonstate.edu/osraa</a>

VII. **Responsibilities & Procedures**

Fixed price awards represent one method of agreement used to formalize sponsored project funding between OSU and an external sponsor. When contemplating whether to enter into a fixed price agreement, it is important to understand that OSU is agreeing to perform the work regardless of the actual cost of conducting the project. Therefore, Principal Investigators (PIs) must make every effort to estimate fixed price projects appropriately. Project pricing must ensure that all project costs are covered, including OSU’s full F&A rate. If the cost of the project is significantly over-estimated, OSU may have to justify a large residual balance. Alternatively, if the cost of the project is under-estimated, the work must still be completed and the PI’s department will be responsible for the cost of finishing the project.

Additional guidelines and procedures are found in the document titled [Guidelines for Fixed Price Awards](#) on the OSRAA website.

## VIII. Forms & Tools

### Frequently Asked Questions

[See OSRAA website](#)

## IX. Related Information

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section §200.45 Fixed Amount Awards](#)

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section §200.201 Use of grant agreements \(including fixed amount awards\), cooperative agreements, and contracts](#)

## X. History

Last review date: 12/1/2018

Next scheduled review date: 9/01/2019

Original issue date: Effective 9/1/2018

*Note: The Office of University Compliance will attempt to track the original issue date of policy and revision dates to existing policies but will not publish this information on the website.*