Fixed Amount Subawards

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Most subawards given to subrecipients are based on actual expenditures and paid on a reimbursement basis by the pass-through entity. But have you ever thought about an alternative to reimbursement-style subawards? Is there an option? The answer is: Yes. Fixed amount subawards in some instances may be awarded if certain criteria is met.

**Fixed amount awards** are grant agreements under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and recordkeeping requirements for the subrecipient and Federal awarding agency or pass-through entity.

With prior written approval from your Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the simplified acquisition threshold, currently set at $150,000, provided that the subawards meet the following requirements and conditions noted below:

1. Payments are based on meeting specific requirements of the Federal award. Accountability is based on performance and results. The Federal award amount is negotiated using the cost principles as a guide. Fixed amount awards may be used if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award with assurance that the subrecipient will realize no increment above actual cost. Except in the case of termination before completion of the Federal award, there is no governmental review of the actual costs incurred by the subrecipient in performance of the award. The fixed amount payments may be issued in several ways including, but are not limited to:

   a. In several partial payments, the amount of each payment is agreed upon in advance, and the “milestone” or event triggering the payment is also agreed upon in advance, and set forth in the Federal award;

   b. On a unit price basis, for a defined unit or units, at a defined price or prices, such amounts are agreed to in advance of performance of the Federal award and set forth in the Federal award; or,

   c. Paid in one lump sum at award completion.

2. A fixed amount award cannot be used in programs which require mandatory cost sharing or match.

3. The subrecipient must certify in writing at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

4. Periodic reports may be established for each Federal award.

5. Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the Federal awarding agency or pass-through entity.

If the criteria is met as noted above, fixed price awards may be a great option to consider. It can save time on the administrative functions and requires less oversight and monitoring. However, if this option is selected, a mechanism must be implemented to follow up with the subrecipient to ensure that the tasks and projects assigned to them under the Federal award were completed. The guidance offers few details how to implement and monitor them. This creates some level of flexibility for pass-through entities; however, it would be important that entities define expectations and standards in a new written policy and procedure in advance of using this award instrument.

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