Purpose
To describe the disposition of residual balances on fixed price agreements

Sources
Knowledge Enterprise (KE)
Office for Research and Sponsored Projects Administration (ORSPA)

Background
Fixed price agreements are generally discouraged because of the risk involved. A fixed price contract requires that ASU perform the work to the sponsor’s specifications regardless of the actual cost of doing the work. Therefore the university must budget carefully to ensure that actual cost and the price paid by the sponsor will match.

All costs for a fixed price project must be expensed directly to the project account.

Thus with accurate budgeting and charging of costs, there should be neither a deficit nor a substantial surplus of funds at project completion.

Policy
Upon project completion, any deficit balance on a fixed price agreement must be transferred to a non-sponsored account. If a surplus balance remains, it will be transferred to a program account. ORSPA is responsible for these actions as part of award closeout.