

TYPE OF SUBAWARD

Circumstances dictate the type of subaward contractual arrangement.

Cost Reimbursable

WHEN TO USE: When the work to be performed cannot be described or estimated precisely. It is the most appropriate type for R&D work performed by educational and nonprofit organizations. This type of agreement may also be more economical than a fixed price agreement because the proposal for the work may be weighted to protect against the risk of underestimating the level of effort required to successfully complete the work.

CHARACTERISTICS: A cost reimbursable type subaward provides for payment to the Subawardee of reasonable costs incurred in connection with the performance of work, not to exceed the amount set forth in the subaward. Reimbursement is based on invoices, usually monthly, of allowable direct costs and, if applicable, the associated F&A. Subawardee must maintain sufficient accounting records of all direct and F&A costs claimed under the subaward to support costs if audited.



Fixed Fee

WHEN TO USE: Suitable for projects with multiple sites performing the identical tasks. For example, participant accrual, completing a questionnaire/form

Fixed Price

WHEN TO USE: Particularly suitable for the purchase of commercial or modified commercial items, and goods or services for which sound prices, which are fair and reasonable, can be developed at the outset. For example when:

- price competition results in realistic pricing
- price comparisons can be made with prior purchases of the same or similar items
- cost or pricing details are available that permit the development of realistic estimates of the probable costs of performance
- uncertainties involved in the performance can be identified in advance and reasonable estimates of the probable impact on the costs made in advance, and the Subawardee is willing to accept the risks

CHARACTERISTICS: Provides a cost for the project that is not subject to adjustment unless there are changes to the original scope of work. Maximum risk is placed on the Subawardee because they assume full responsibility for all costs under or over the fixed price amount. Imposes minimum administrative burden on both the Subawardee and the Prime Awardee because detailed accounts of expenditures are not normally required for reimbursement.

Letter Agreement

WHEN TO USE: When the prime award has minimal administrative terms and conditions to flow down to a subrecipient.