Budgeting and Prior Approval Requirements for NIH Grants that Include Fixed Amount Subawards

Effective with budget periods beginning 10/1/2016, the National Institutes of Health (NIH) requires prior approval when a pass-through entity provides subawards based on fixed amounts when certain conditions apply. This memorandum includes the following information:

1. Fixed Award Amount Definition
2. NIH Prior Approval Policy on Providing Subawards Based on Fixed Amounts
3. Applicability of the NIH Policy
4. GCO’s Template Language to Include in the Budget Justification
5. Other GCO Resources

1. Fixed Amount Award Definition

A Fixed amount award is “a type of grant agreement 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. Accountability is based primarily on performance and results.”

2. NIH Prior Approval Policy on Providing Subawards Based on Fixed Amounts

8.1.2.11 Provide Subawards Based on Fixed Amounts

With NIH prior approval, a pass-through entity may provide subawards based on fixed amounts (as defined in 45 CFR Part 75.2), to which the following conditions apply:

(1) The Fixed amount subaward is negotiated using the cost principles (or other pricing information) as a guide. The pass-through entity may use fixed amount subawards if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount subaward based on a reasonable estimate of actual cost. Payments are based on meeting specific requirements of the subaward. Accountability is based on performance and results. Except in the case of termination before completion of the subaward, there is no governmental review of the actual costs incurred by the non-Federal entity in performance of the subaward. Some of the ways in which the fixed amount subaward may be paid include, but are not limited to:

(i) In several partial payments, the amount of each agreed upon in advance, and the "milestone" or event triggering the payment also agreed upon in advance, and set forth in the subaward;

(ii) On a unit price basis, for a defined unit or units, at a defined price or prices, agreed to in advance of performance of the subaward and set forth in the subaward; or,

(iii) In one payment at subaward completion.

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

(3) The non-Federal entity must certify in writing to the pass-through entity at the end of the subaward 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 subaward must be adjusted.

(4) Periodic reports may be established for each fixed amount subaward.

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

3. Applicability of NIH Policy

At Mount Sinai, we have commonly referred to agreements in which reimbursement is based on per subject amounts as “Site Agreements.”

An example of a fixed amount subaward would be an agreement where payment is reimbursed per patient enrolled. The NIH prior approval requirement for fixed amount subawards does apply. Please see section “4.” regarding including template language in your budget justification, which constitutes obtaining NIH’s prior approval.

4. GCO’s Template Language to Include in the Budget Justification

If the subawardees were included as either named or “to be named” in the original application and the cost of the fixed amount subaward(s) is included in your budget or budget justification, this will constitute as prior NIH approval provided there is no contrary language in the award notice.* A separate prior approval request would not be required. Please feel free to adapt this sample language for the budget justification.

Consortium Subsection of Budget Justification

We anticipate issuing fixed price subawards to the following institutions: [name institutions]. The pricing structure is as follows: $X [enter cost] for Y # of “patients” [enter quantity].

We also anticipate issuing three additional fixed price subawards to sites to be determined. They will follow the same pricing structure as indicated above.

These fixed price subawards meet the conditions described in the NIHGPS, section 8.1.2.11 entitled “Provide Subawards Based on Fixed Amounts.”

5. Other GCO Resources

Subawardee, Consultant, and Vendor Determination Checklist

Use this checklist to determine which relationship is most appropriate for your study when working with an individual, company or organization. The budget associated with the “Subawardee” relationship can be either the 1) standard detailed budget type or 2) a fixed amount subaward award.

Subawards: ISMMS as the Prime Institution

Includes a list of documentation ISMMS requires from the subawardee.

NIH Prior Approval Requirements

Includes a complete list of prior approval requirements with additional instructions from the GCO.

*March 20, 2017 Communication from FDP subaward task force