

→ AUDIT--PRICE ADJUSTMENTS (NOV. 1967)

(a) This clause shall become operative only with respect to any change or other modification of this contract which involves a price adjustment in excess of \$100,000, unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) For purposes of verifying that certified cost or pricing data submitted in conjunction with such a contract change or other modification were accurate, complete, and current, the Contracting Officer, the Comptroller General of the United States, or any authorized representatives, shall--until the expiration of three years from the date of final payment under this contract--have the right to examine those books, records, documents, papers and other supporting data which involve transactions related to this contract or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein.

(c) The Contractor agrees to insert this clause, including this paragraph (c), in all subcontracts hereunder which when entered into exceed \$100,000. When so inserted, changes shall be made to designate the higher-tier subcontractor at the level involved as the contracting and certifying party; to add "of the Government prime contract" after "Contracting Officer"; and to add, at the end of (a) above, the words, "provided that the change or other modification to the subcontract results from a change or other modification to the Government prime contract."

(c) Insert the following clause in any negotiated contract which is not firm fixed-price or fixed-price with escalation.

AUDIT AND RECORDS (NOV. 1967)

(a) The Contractor shall maintain books, records, documents, and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this contract. The foregoing constitute "records" for the purposes of this clause.

(b) The Contractor's plants, or such part thereof as may be engaged in the performance of this contract, and his records shall be subject at all reasonable times to inspection and audit by the Contracting Officer or his authorized representative. In addition, for purposes of verifying that cost or pricing data submitted, in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000, were accurate, complete, and current, the Contracting Officer, or his authorized representatives, shall--until the expiration of three years from the date of final payment under this contract--have the right to examine those books, records, documents, papers and other supporting data which involve transactions related to this contract or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein.

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