

(3) The Contractor shall insert the following clause in each firm fixed-price or fixed-price with escalation subcontract hereunder which when entered into exceeds \$100,000 where the price 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.

AUDIT--PRICE ADJUSTMENTS

(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, provided that such change or other modification to this contract must result from a change or other modification to the Government prime contract.

(b) For purposes of verifying that any certified cost or pricing data submitted in conjunction with a contract change or other modification were accurate, complete, and current, the Contracting Officer of the Government prime contract, 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.

(c) The Subcontractor agrees to insert this clause including this paragraph (c) in all subcontracts hereunder which when entered into exceed \$100,000.

In cost-reimbursement type contracts that have separate periods of performance and that are to include, in the Examination of Records clause prescribed by 7-203.7, the alternate subparagraph (a) (4) which is set forth in 7-203.7(b), the clause set forth above in this paragraph shall be modified by adding the following to paragraph (c) thereof:

Notwithstanding the foregoing, the Contractor's obligation to preserve and make available his records shall not extend beyond the period of his like obligation under the "Examination of Records" clause of this contract.

Such contracts may be administered as indicated in 7-203.7(b).

(d) The requirement for inclusion of the clauses in (a) and (b) above may be waived for contracts with foreign governments or agencies thereof under circumstances where the requirement for the clauses in 7-104.29 and 7-104.42 may be waived.