

3-704.

EXCEPT FOR A FIRM FIXED-PRICE CONTRACT, NO CONTRACT TYPE MAY BE USED UNLESS THE PROCUREMENT OFFICER DETERMINES THAT THE CONTRACTOR'S ACCOUNTING SYSTEM WILL PERMIT TIMELY DEVELOPMENT OF ALL NECESSARY COST DATA IN THE FORM REQUIRED BY THE SPECIFIC TYPE OF CONTRACT CONTEMPLATED AND THAT THE CONTRACTOR'S ACCOUNTING SYSTEM IS ADEQUATE TO ALLOCATE COSTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

3-705.

(A) THE DEPARTMENT MAY ENTER INTO MULTIYEAR CONTRACTS AND SHALL, BY REGULATION, PROVIDE FOR THE REVIEW AND APPROVAL OF CONTRACTS FOR SUPPLIES OR SERVICES WHICH EXTEND BEYOND THE CURRENT FISCAL YEAR. AT EACH LEVEL OF THE REVIEW AND APPROVAL PROCEDURE OF MULTIYEAR CONTRACTS, IT SHALL BE DETERMINED:

(1) THAT ESTIMATED REQUIREMENTS COVER THE PERIOD OF THE CONTRACT AND ARE REASONABLY FIRM AND CONTINUING; AND

(2) THAT THE CONTRACT WILL SERVE THE BEST INTERESTS OF THE STATE BY ENCOURAGING EFFECTIVE COMPETITION OR OTHERWISE PROMOTING ECONOMIES IN STATE PROCUREMENT.

(B) PAYMENT AND PERFORMANCE OF CONTRACTUAL OBLIGATIONS ENTERED PURSUANT TO SUBSECTION (A) OF THIS SECTION FOR A FISCAL YEAR OTHER THAN THE FISCAL YEAR IN WHICH THE CONTRACT WAS APPROVED ARE SUBJECT TO THE APPROPRIATION OF FUNDS FOR THE PAYMENT AND PERFORMANCE OF THESE OBLIGATIONS.

(C) IF FUNDS ARE NOT APPROPRIATED FOR THE CONTINUED PERFORMANCE OF A CONTRACT APPROVED UNDER SUBSECTION (A) OF THIS SECTION, THE CONTRACT FOR THAT YEAR IS TERMINATED EITHER AUTOMATICALLY OR IN ACCORDANCE WITH THE TERMINATION CLAUSE OF THE CONTRACT, IF ANY. UNLESS OTHERWISE PROVIDED FOR IN THE CONTRACT, THE EFFECT OF TERMINATION IS TO DISCHARGE BOTH PARTIES FROM FUTURE PERFORMANCE OF THE CONTRACT, BUT NOT FROM THEIR EXISTING OBLIGATIONS. THE CONTRACTOR SHALL BE REIMBURSED FOR THE REASONABLE VALUE OF ANY NONRECURRING COSTS INCURRED BUT NOT AMORTIZED IN THE PRICE OF THE SUPPLIES OR SERVICES DELIVERED UNDER THE CONTRACT. THE COST OF CANCELLATION MAY BE PAID FROM ANY APPROPRIATIONS AVAILABLE FOR SUCH PURPOSES.

(D) ALL CONTRACTS ENTERED INTO UNDER THIS ARTICLE SHALL CONTAIN A NOTICE THAT THEY ARE SUBJECT TO TERMINATION, EITHER AUTOMATICALLY OR IN ACCORDANCE WITH A TERMINATION CLAUSE, IF ANY, UPON THE FAILURE OF THE GENERAL ASSEMBLY TO APPROPRIATE FUNDS FOR THE FUTURE PERFORMANCE OF THE CONTRACT.

SUBTITLE 8. INSPECTION OF PLANT AND AUDIT OF RECORDS

3-801.