

(2) EXCEPT FOR LEASES OF REAL PROPERTY, THE KIND OR QUALITY OF PROCUREMENT THAT THE UNIT REQUIRES COULD NOT BE OBTAINED PRACTICABLY UNDER ANY OTHER TYPE OF CONTRACT.

(B) ACCOUNTING SYSTEM.

A UNIT MAY NOT ENTER INTO A PROCUREMENT CONTRACT THAT IS WHOLLY OR PARTLY A COST-REIMBURSEMENT CONTRACT UNLESS THE PROCUREMENT OFFICER DETERMINES THAT THE ACCOUNTING SYSTEM OF THE CONTRACTOR:

(1) WILL ALLOW TIMELY DEVELOPMENT OF ALL NECESSARY COST DATA IN THE FORM REQUIRED BY THE SPECIFIC TYPE OF PROCUREMENT CONTRACT UNDER CONSIDERATION; AND

(2) IS ADEQUATE TO ALLOCATE COSTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

(C) REQUIRED CONTRACT PROVISION.

A COST-REIMBURSEMENT CONTRACT SHALL PROVIDE THAT COSTS, INCLUDING COSTS FOR SUBCONTRACTORS, WILL BE REIMBURSED ONLY IF THE COSTS ARE ALLOWABLE AND ALLOCABLE UNDER:

(1) THE PROCUREMENT CONTRACT; OR

(2) THE REGULATIONS OF THE BOARD ON COST PRINCIPLES.

(D) SUBCONTRACTING.

A CONTRACTOR UNDER A COST-REIMBURSEMENT CONTRACT SHALL GIVE NOTICE TO AND, AS REQUIRED UNDER THE CONTRACT, OBTAIN APPROVAL FROM A PROCUREMENT OFFICER BEFORE THE CONTRACTOR ENTERS INTO:

(1) A COST-REIMBURSEMENT SUBCONTRACT; OR

(2) ANY SUBCONTRACT INVOLVING MORE THAN:

(I) \$25,000; OR

(II) 5% OF THE ESTIMATED COST OF THE PROCUREMENT CONTRACT.

REVISOR'S NOTE: This section is new language derived without substantive change from former SF §§ 11-125 and 11-127.

In subsection (a)(2) of this section, the defined term "procurement" is substituted for the former enumeration "supplies, services, construction related services, architectural services, engineering services, or construction", for brevity, but the words "[e]xcept for leases of real property" are added since