

**CLAUSE M-404**

**FIXED-PRICE LEVEL OF EFFORT PROVISIONS**  
(Supplements General Provisions GP3)

1. SCOPE OF EFFORT

Seller shall furnish the man-hours to perform the effort required in accordance with the Statement of Work and Schedule specified elsewhere in this contract.

2. PAYMENT

- A. The total firm fixed price of this Purchase Contract for the level of effort and associated costs specified below is predicated upon Seller's maximum expenditure of direct labor hours, classifications, rates, and any other direct expenses or costs incurred by Seller as expressly set forth below.

Classification	Direct Labor Hourly Rate	Hours	Price
_____	_____	_____	_____
<b>TOTAL LABOR</b>			_____
Travel	_____	_____	_____
(if Applicable)			
Other Direct Costs	_____	_____	_____
<b>TOTAL PRICE</b>			_____

- B. In the event lesser amounts are expended, a downward adjustment to the Purchase Contract shall be made to reflect actual hours and/or other actual direct costs expended.
  
- C. Each rate set out above is a fully burdened Direct Labor Hour Rate, including profit. The term "direct labor hour" means an actual hour of direct labor as determined by generally accepted accounting practice which can be readily identified as being definitely and specifically chargeable to the work authorized by Buyer.

- D. Seller agrees that all amounts for travel are in accordance with FAR 31.205-46 and are allowable and allocable as defined thereunder. Seller agrees that claims for travel reimbursement will be in accordance with Seller's policies, as may be approved by the Government, and will not exceed Government regulations where applicable.

#### 4. LIMITATION OF COST

- A. If necessary for the proper performance of this Subcontract, Seller may increase or decrease the direct labor hours within each direct labor category as set forth above but in no event shall such variance(s) result in Seller exceeding the firm fixed price of this Purchase Contract.
- B. Nothing in this Purchase Contract shall obligate Seller to take any action which would cause the amount for which Buyer would be obligated hereunder to exceed the firm fixed price of this Purchase Contract and Buyer shall not be obligated to pay Seller on account of any work performed hereunder any amount in excess of such sum.

#### 5. BILLING AND INVOICES

Each invoice shall identify hours, labor category, other direct costs and travel.

#### 6. RECORDS AND AUDIT

- A. Seller shall maintain complete and accurate books, records and documents pertaining to the time worked, costs, expenses and allowances incurred in the performance of this contract in sufficient detail to properly reflect all net costs for which payment is claimed. The labor hours shall be supported by a timekeeping system acceptable to Buyer and shall include evidence of actual payment. Buyer shall have the right to assign representatives to Seller's plant for the purpose of verifying the number and type of direct hours being incurred and making such audit and check of Seller's activities as may be reasonably required. Such records shall be made available to Buyer, upon request, for examination, reproduction and audit from the date of this contract until three years after final payment hereunder. As a result of any audit performed by Buyer, payments previously made to Seller shall be subject to adjustment for

over payment or under payment, respectively. Seller shall submit its final invoice promptly after completion of work. Upon approval of Seller's final invoice and substantiating documentation and upon compliance by Seller with all terms of this contract, Buyer shall promptly pay any balance due to Seller.

- B. Upon request, Seller shall make available to Buyer data relative to payroll

policies and procedures, including collective bargaining agreements with respect to wage payments for straight time, overtime, holiday, etc.

7. PERIOD OF PERFORMANCE

The period of performance of this Purchase Contract shall be from to \_\_\_\_\_.

8. REPORTS

Seller agrees to furnish periodic reports concerning the progress of this Purchase Contract, in such form and detail as Buyer may reasonable require.