**Section 1120.5530 Settlement and Resolution of Contract and Breach**

a) Authority to Settle or Resolve Controversies

The CPO shall have authority to settle and resolve controversies, but the Comptroller may set limits on that authority.

b) Authority of Using Agency

The IOC has the authority to accept delivery of goods or services in accordance with contract requirements as satisfactory adjustment of a complaint.

c) Substitution of Terms/Price Reduction

If the vendor proposes to make an adjustment by substituting an alternative specification or reducing the contract price by a certain amount to compensate for some failure to provide full performance under the contract, the proposal must be referred to and approved by the CPO.

d) Cancellation for Breach of Contract

In any of the following cases the CPO shall have the right to terminate or rescind any contract entered into under this Part:

1) The successful bidder fails to furnish a satisfactory performance bond within the time specified.

2) The vendor fails to make delivery at the place or within the time specified in the contract or as ordered by the IOC.

3) Any goods or services provided under the contract are rejected (for not meeting specification, not conforming to sample, or not being in good condition when delivered) and are not promptly replaced by the vendor. If there are repeated rejections of the vendor's goods or service, this shall be grounds for termination or rescission, even though the vendor offers to replace the goods or services promptly.

4) The vendor is guilty of misrepresentation (for example, misbranding of food or drugs) in connection with another contract for the sale of goods or services to the IOC so that the vendor cannot reasonably be depended upon to fulfill his obligations as a responsible vendor under any contracts with the IOC.

5) The vendor is adjudged bankrupt; enters into a general assignment for the benefit of his or her creditors or into receivership due to insolvency; disregards laws and ordinances, rules or instructions of the IOC; or acts in violation of any provision of the contract or this Part; or if the contract conflicts with any statutory or constitutional provision of the State of Illinois or of the United States.

6) Any other breach of contract or other unlawful act by the vendor, its agents and/or subcontractor.

e) Cancellation for Fraud, Collusion and Illegality

The IOC may cancel any contract it established if there is sufficient evidence to show that:

1) The contract was obtained by fraud, collusion, conspiracy or other unlawful means; or

2) The contract conflicts with any statutory provision of the State of Illinois or of the United States.

f) Withholding Money to Compensate State for Damages

If a contract is terminated or rescinded under this Section, the IOC may deduct from whatever is owed the vendor on that or any other contract an amount sufficient to compensate the State of Illinois for any damages suffered by it because of the vendor's breach of contract or other unlawful act on the vendor's part on which the cancellation is based.

g) Damages

The damages for which the IOC may be compensated as provided in this Section or by a suit on the vendor's performance bond or by other legal remedy shall include, but are not limited to, the following:

1) the additional cost of goods or services bought elsewhere;

2) cost of repeating the procurement procedure;

3) any expenses incurred because of delay in receipt of goods or services; and

4) any other damages caused by the vendor's breach of contract or unlawful act.

(Source: Amended at 37 Ill. Reg. 3075, effective March 1, 2013)