**Section 1600.5530 Resolution of Contract Controversies**

a) Authority to Resolve Controversies

The Procurement Officer shall have authority to resolve controversies.

b) Authority of the OLG

The OLG has the authority to accept delivery of supplies 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:

1) substituting an alternative specification, or

2) reducing the contract price by a certain amount to compensate for some failure to provide full performance under the contract,

such proposal must be referred to and approved by the Procurement Officer.

d) Cancellation for Breach of Contract

In any of the following cases the Procurement Officer 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 OLG.

3) Any supplies 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 supplies or services, this shall be grounds for termination or rescission, even though the vendor offers to replace the supplies 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 supplies or services to the OLG such that the vendor cannot reasonably be depended upon to fulfill his obligations as a responsible vendor under any of his contracts with the OLG.

5) The vendor should be adjudged bankrupt; enter into receivership or make a general assignment for the benefit of creditors due to insolvency; disregard laws, rules, or instructions of the Procurement Officer; or act in violation of any provision of the contract; 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.

e) Cancellation for Fraud, Collusion, Illegality, Etc.

The OLG 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 OLG 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 OLG 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 supplies or services bought elsewhere;

2) cost of repeating the procurement procedure;

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

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