



Commercially Useful Function (CUF)

For the prime contractor/subcontractor(s) to receive DBE credit on a project the DBE must perform a CUF. A CUF requires following federal regulations regarding the DBE company managing the project, the equipment used, the performance of DBE company employees, the materials required, and overall project performance by the DBE. Also, the DBE must be paid in accordance with Michigan Department of Transportation (MDOT) payment procedures for all work accepted by MDOT.

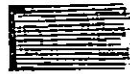
The following bullets describe possible CUF violations

Management

- Supervision of DBE employees done by another contractor.
- The DBE provides little or no supervision of contracted work.
- The DBE's superintendent is not a regular, full-time, exclusive employee of the DBE.
- Supervision is performed by personnel associated with another company.
- The DBE hasn't been issued a subcontract, purchase order, or other contractual document.
- DBE firm's owner is not aware of the status of the work, the employees and/or the performance of the business.
- DBE company owners are rarely or never seen.

Equipment

- The equipment is used by the DBE firm but the payments are deducted by the prime contractor.
- The equipment used by the DBE firm belongs to another contractor with no formal long term lease agreement (large equipment such as a crane, is an exception).
- Magnetic equipment signs and markings cover another company logo or other information.



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Workforce

- Movement of DBE employees to/from other contractors.
- Employee(s) paid by the DBE and/or prime.
- Employee(s) working for the DBE and another company.
- Employee(s) not familiar with DBE company supervisors/key personnel.

Materials

- Materials for the DBE are ordered and/or paid for by another contractor.
- Joint (two- party) checks are sent directly to DBE suppliers without the knowledge or consent of the DBE.
- The DBE does not deliver the agreed to joint check to its supplier(s).
- Materials or supplies to be obtained by the DBE are delivered to, billed to, or paid for by another contractor.
- The prime puts requirements on the DBE regarding where/who to purchase project materials.

Performance

- DBE firm work is being done jointly by the DBE firm and/or another contractor
- The work to be performed is outside of the DBE's known experience or capability (DBE certification/prequalification categories).
- The DBE performs work without a subcontract, purchase order, or other signed contractual document.
- A DBE subcontracts more of its work than is customary or standard industry practice.
- DBE participation on a project is artificially inflated.
- Lack of evidence of ownership, control and/or independence of the DBE.
- The DBE works for only one prime contractor or a large portion of the firm's contracts are with one contractor.

NOTE: Not every red flag means there is a CUF violation. However, notice of red flag(s) should be documented and reported to the Office of Business Development (OBD).

Contact CUF Specialist Bafli (Ben) Bafliu immediately at (313) 965-5557 or Frank Adams at 248-302-4589 if there is a CUF violation or you have questions.

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