



Commercially Useful Function (CUF)

Red Flags

A DBE is responsible for the execution of a distinct element of work and carries out its responsibilities by actually performing, managing, and supervising the work.

Management

- Is the DBE scheduling work operations?
- Is the DBE ordering equipment and supplies?
- Is the DBE preparing and submitting certified payrolls?
- Is the DBE responsible for hiring and firing employees?

🚩 A **no** response requires further inquiry to assess if a DBE is separate and independent from the prime contractor.

Workforce

- Are employees moving between the DBE and the prime contractor?
- Are employees listed on the DBE and on the prime contractor's payroll?
- Does the DBE share office space with the prime contractor?
- Is there a discrepancy between the company identification badge and the information provided by the employee labor interviews?

🚩 A **yes** response requires further inquiry and follow-up to determine if a DBE is managing its own workforce.

Equipment

- Who is the owner of the equipment?
- Observe equipment and assess signage. Is there a sign over an original sign?
- Who is operating the equipment? Is the operator an employee of the DBE?
- What is reflected on the daily notes? Does the inspector identify the equipment used by the DBE?

🚩 If it is unclear that the DBE has control over the equipment, further inquiry and follow-up is required.

Materials

- Did the DBE order its own materials?
- Are invoices for the materials and supplies addressed to the DBE?
- Who paid for the materials? Is payment made by a joint check bearing the DBE's and the prime contractor's signatures?

🚩 If it is unclear that the DBE is responsible for ordering materials and supplies, further inquiry and follow-up is required.

Performance

- Does the DBE have a contract with the prime contractor?
- Has the DBE performed 30% of the overall contract?
- Is a portion of the DBE's work performed by the prime contractor?

🚩 If it is unclear that the DBE is performing the work specified in its agreement with the prime contractor, further inquiry and follow-up is required.

Please notify the
ADOT Business Engagement & Compliance Office
(BECO) or the USDOT Office of Inspector General
to report possible fraudulent activity:

ADOT Business Engagement & Compliance Office:
Telephone: 602.712.7761
Email: ContractorCompliance@azdot.gov

US Department of Transportation -
Office of Inspector General (OIG):
Telephone: 800.7424.907
Email: hotline@oig.dot.gov