



# Commercially Useful Function (CUF) Prompt Payment Review (PPR)

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# PEPS Compliance Reviews

- **CUF Reviews**

- Code of Federal Regulations ([ECFR.gov](https://www.ecfr.gov))
  - Title 49, Subtitle A, Part 26, Subpart C §26.55

- **PPR – Prompt Pay Reviews**

- Texas Government Code ([statutes.capitol.Texas.gov](https://statutes.capitol.texas.gov))
  - Title 10, Subtitle F., Chapter 2251, Subchapter B



## GOVERNMENT CODE

## TITLE 10. GENERAL GOVERNMENT

## SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

## CHAPTER 2251. PAYMENT FOR GOODS AND SERVICES

## SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2251.001. DEFINITIONS. Except as otherwise provided by this chapter, in this chapter:

(1) "Distribution date" means:

(A) if no payment law prohibits the comptroller from issuing a warrant, the date the comptroller makes the warrant available;

(i) for mailing directly to its payee under Section 2155.382(c); or

(ii) to the state agency that requested issuance of the warrant;

(B) if no payment law prohibits the comptroller from initiating an electronic funds transfer, the date the comptroller initiates the transfer;

(C) if a payment law prohibits the comptroller from issuing a warrant, the date the comptroller would have made the warrant available, in the absence of the payment law:

(i) for mailing directly to its payee under Section 2155.382(c); or

(ii) to the state agency that requested issuance of the warrant; or

(D) if a payment law prohibits the comptroller from initiating an electronic funds transfer, the date the comptroller would have made the warrant prepared under Section 403.0552(b) available, in the absence of the payment law:

(i) for mailing directly to its payee under Section 2155.382(c); or

(ii) to the state agency that requested initiation of the transfer.

(2) "Goods" includes supplies, materials, or equipment.

(3) "Governmental entity" means a state agency or political subdivision of this state.

(4) "Payment" means money owed to a vendor.

(5) "Payment law" means:

(A) Section 57.48 or 57.482, Education Code;

(B) Section 231.007, Family Code;

<https://www.ecfr.gov/current/title-49/subtitle-A/part-26/subpart-C/section-26.55>



## Code of Federal Regulations

A point in time eCFR system



Title 49

Displaying title 49, up to date as of 6/03/2025. Title 49 was last amended 5/30/2025. [view historical versions](#)

Enter a search term or CFR reference (eg. fishing or 1 CFR 1.1)



e 49 / Subtitle A / Part 26 / Subpart C / § 26.55

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<https://statutes.capitol.texas.gov/docs/gv/htm/gv.2251.htm>

### ECFR CONTENT



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#### § 26.55 How is DBE participation counted toward goals?

(a) When a DBE participates in a contract, you count only the value of the work performed by the DBE toward DBE goals.

(1) Count the entire amount of that portion of a construction contract (or other contract not covered by paragraph (a)(2) of this section) that is performed by the DBE's own forces. Include the cost of supplies and materials obtained by the DBE for the work of the contract, including supplies purchased or equipment leased by the DBE (except supplies and equipment the DBE subcontractor purchases or leases from the prime contractor or its affiliate).



# Commercially Useful Function (CUF) Reviews



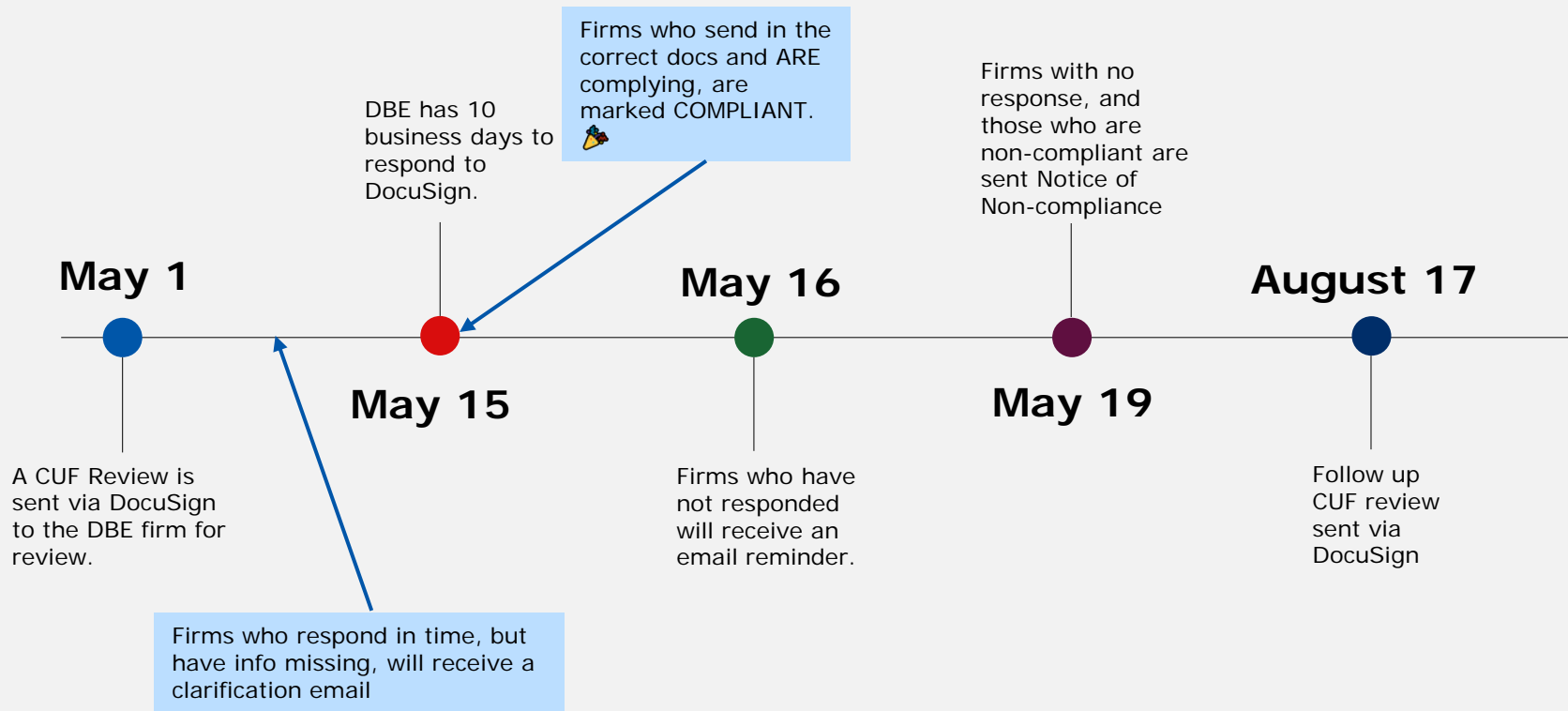
Disadvantaged **B**usiness **E**nterprise Participation is counted toward the total of the **DBE** goal if the DBE is performing a ***Commercially Useful Function*** on that contract.

A DBE performs a CUF when it is responsible for execution of the work of the contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved.

## CUF Reviews

- **How is the DBE firm selected?**
  - Executed contract (may have recently termed)
  - Sub-provider shows to have been paid in PS CAMS
  - Payment info is entered by Prime Provider

## CUF Review Timeline



# CUF Reviews – Required Documentation

1. DBE firm's executed contract with the Prime Provider firm
  - a. Must identify the Prime Provider and the DBE firm
  - b. Must be signed
2. Invoice submitted to the Prime Provider under the identified contract
  - a. Must identify the TxDOT/Prime contract directly
  - b. Must include invoice number
  - c. Must identify tasks related to the contract
3. Proof of Payment received by the DBE firm from the Prime Provider
  - a. Invoice number must match submitted invoice
  - b. Dollar amount must match submitted invoice
  - c. Examples – cancelled check or electronic fund transfer



**Disadvantaged Business Enterprise (DBE) Firms**

Per 49 CFR 26.55, "A DBE performs a commercially useful function when it is responsible for execution of the work of the contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved... A DBE does not perform a CUF if its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of DBE participation..."

Prime Provider Firm Name: \_\_\_\_\_ DBE Firm Name: \_\_\_\_\_  
 Contract No.: \_\_\_\_\_ DBE Firm Point of Contact Name: \_\_\_\_\_  
 PeopleSoft No.: \_\_\_\_\_ DBE Firm Point of Contact Title: \_\_\_\_\_

**PART I: Professional Services Performed by the DBE Firm**

☐ Architecture ☐ Engineering ☐ Surveying

**Brief Description of the DBE Firm's Services**

**Performing**

Does the DBE Firm have the required expertise for the service it's providing? Yes ☐ No ☐  
 Is the DBE Firm using a second tier DBE Firm Subprovider? Yes ☐ No ☐  
 Is the DBE Firm performing services using its own workforce? Yes ☐ No ☐  
 Is the DBE Firm performing at least 30% of its services? Yes ☐ No ☐

**Managing**

Is the DBE Firm scheduling work activities and other related actions for performance of the services? Yes ☐ No ☐  
 Is the DBE Firm managing the services it has been tasked to perform? Yes ☐ No ☐  
 Is the DBE submitting invoices under this contract? Yes ☐ No ☐

If the DBE Firm is **not** the Prime Provider Firm, please attach the DBE Firm's executed contract with the Prime Provider Firm, one paid invoice submitted to the Prime Provider Firm and proof of payment received by the DBE Firm from the Prime Provider Firm.

**Commensurate**

Is the payment received by the DBE Firm commensurate with the services being provided? Yes ☐ No ☐

**Supervising**

Does the DBE Firm have an experienced Supervisor on the project? Yes ☐ No ☐  
 Is the Supervisor a full-time employee? Yes ☐ No ☐  
 Is the DBE Firm supervising its employees for the performance of the work? Yes ☐ No ☐

**Certification**

Does the DBE Firm certify that the answers provided are true and correct? Yes ☐ No ☐

DBE Firm Signature: \_\_\_\_\_ Title: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_



# Prompt Payment Review (PPR)

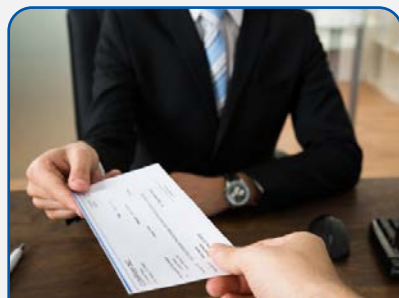


A vendor who receives a payment from a governmental entity shall pay a subcontractor the appropriate share of the payment not later than the 10<sup>th</sup> day after the date the vendor receives the payment.

# Prompt Payment Review



Prime provider  
Receives  
payment from  
TxDOT



The prime  
provider must  
pay sub-provider  
by the 10<sup>th</sup> day



Payment is  
**OVERDUE** on  
11<sup>th</sup> day



PPR ensures  
providers are  
complying



# Prompt Payment Review



PPR ensures subs are paid pursuant to TX govt code.

PPR reviews every Prime provider at least once.

PPR can also be conducted at request of PM, SCD, or a sub-provider.

- Fill the form out completely with actual dates
- Proof of Payment from TxDOT to the Prime
- Proof of Payment from Prime to Sub
- If incorrect docs are received, or form is incomplete, we will re-send



### SIGNATURE AUTHORITY PAGE

Legacy Contract No.	
Legacy WA No.	
Provider Name:	
Provider ID No.	

### COMBINED INVOICE SUMMARY (Populate Supplementary Template information 2-5 below if using multiple invoice templates for this invoice)

Combined Invoice Templates	Invoice Template Log #	Reason for Combined Invoice Template Package	Invoice Template Amount
Primary Invoice Template	1	Primary Invoice Template	
Supplementary Invoice Template	2		
Supplementary Invoice Template	3		
Supplementary Invoice Template	4		
Supplementary Invoice Template	5		

TOTAL COMBINED INVOICE AMOUNT

### PROVIDER USE ONLY

I am duly authorized to certify this invoice on behalf of the above named Provider. I further certify that the claim is correct and is not duplicated on any paid or pending invoice.

### PROMPT PAYMENT VERIFICATION

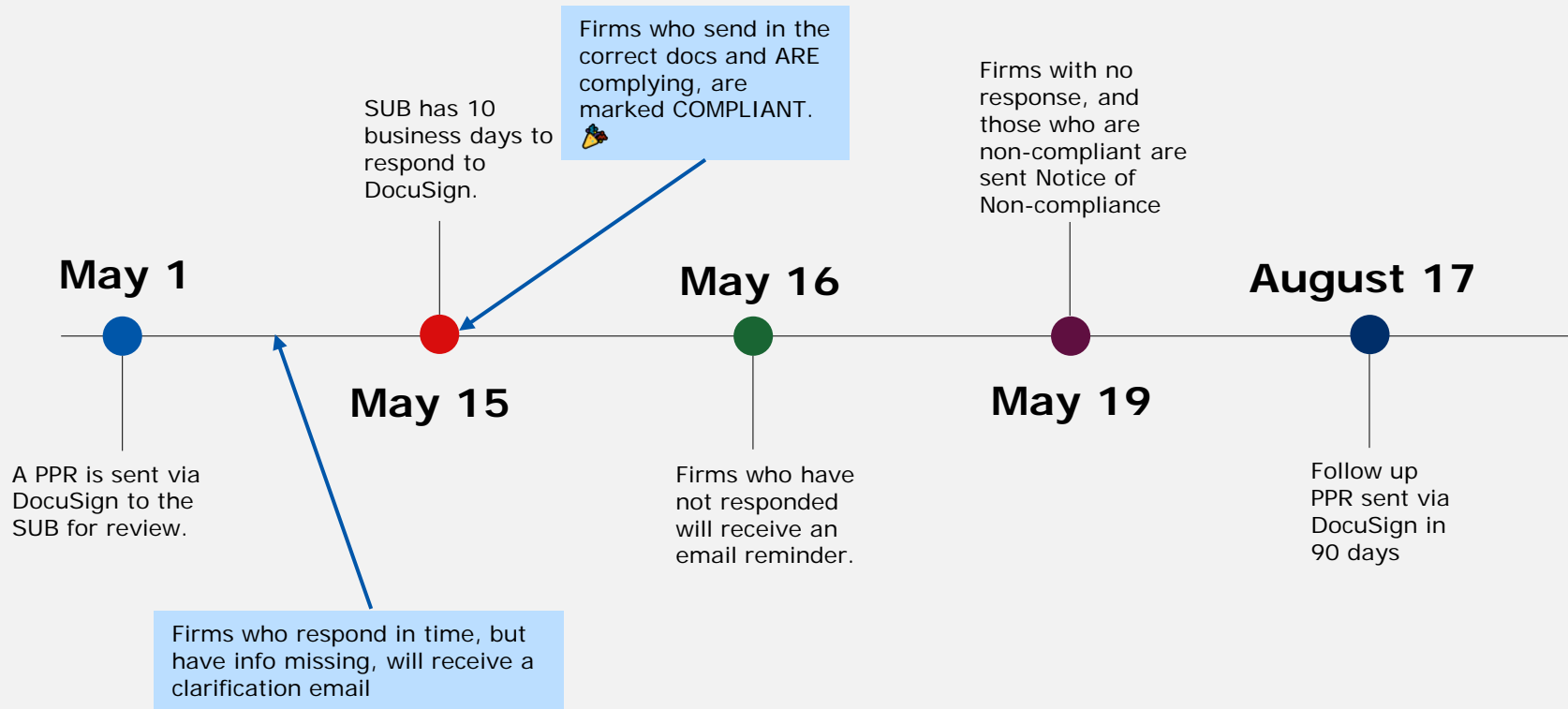
I certify that all subproviders, except for any listed on the attached Prompt Payment (PP) Certification form (if applicable) have been paid according to PP law according to the Articles of the contract (within 10 days of receipt of payment) for the billing period indicated below. I understand that the state will perform a periodic verification of PP by requesting supporting documentations such as cancelled checks or electronic bank transfers to support PP. (If any subproviders were not paid in accordance with PP, then a complete PP form shall be attached.)

Provider Invoice No. for PP Verification	Date Provider Received Payment MM/DD/YY (for PP Verification)	Begin Service Date MM/DD/YY (for PP Verification)	End Service Date MM/DD/YY (for PP Verification)

Provider Authorized Signature	
Name	



## PPR Review Timeline



# Q&A



## Contact Information

### Tina Farias

Support Services Center Manager



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### Gina Perez

Assistant SSC Manager



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210-997-6224

### Process box

For all requests



PEPS\_SSC\_Process@txdot.gov

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