



JOINT CHECK NOTIFICATION FORM (FOR DBE/MBE/WBE FIRMS ONLY)

CONTRACT/PROJECT NUMBER:	NAME OF PRIME CONTRACTOR:
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Name of Subcontractor _____

Name of Material Supplier _____

Items of work _____

Comments _____

Who requested joint check utilization? _____ Prime _____ Sub _____ Supplier

Why? _____

Information:

NCDOT will closely monitor the use of joint checks, and this practice will be subject to review by the Office of Civil Rights. To receive DBE/MBE/WBE credit for performing a commercially useful function with respect to obtaining materials and supplies, a DBE/MBE/WBE must “be responsible for negotiating price, determining quality and quantity, ordering the material and installing (where applicable) and paying for the material itself.” Only when a DBE/MBE/WBE meets all requirements should credit be counted for the procurement of items by the DBE/MBE/WBE.

Please read the attached Joint Check Procedures. If the proper procedures are not followed or the department determines that the arrangements results in a lack of independence for the DBE involved, no credit for the DBEs participation as it relates to the material cost will be used toward the contract goal requirement and the prime will need to make up the difference elsewhere on the project.

I have read and understand the above information and the attached Joint Check Procedures. I hereby acknowledge that the information provided on this form is true and accurate.

Authorized Subcontractor Representative:

Signature Title Date

Authorized Material Supplier Representative:

Signature Title Date

Authorized Prime Contractor Representative:

Signature Title Date

Received:

NCDOT Contract Administrator _____ Date _____

Documentation for financial transactions attached? _____

Comments _____

CC: State Construction Engineer

State Contractor Utilization Engineer

North Carolina Department of Transportation

Joint Check Procedures

The following procedures apply to DBEs on Federal-aid projects and MBEs/WBEs on State funded projects. In the context of these procedures, the use of the term “DBE” will also apply to MBEs and WBEs.

The use of a joint check agreement between a prime contractor and a subcontractor and material supplier (or another third party for items or services) may be desired for a variety of legitimate reasons, such as assisting a subcontractor with establishing/increasing a credit line with the material supplier or assuring timely payment(s) for the supplier’s items.

When joint checks are utilized, DBE credit toward the contract goal will be allowed only when the subcontractor is performing a commercially useful function (CUF) in accordance with 49 CFR 26.55 (c)(1): “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. To perform a CUF, the DBE must also be responsible, with respect to materials and supplies used on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (where applicable) and paying for the material itself.”

In accordance with federal guidance, the department is following a programmatic approach to the use of joint checks. This programmatic approach will not require a case by case approval process by the department’s contract administrator, but will require that the following conditions be adhered to. And failure to follow the conditions below may disqualify DBE participation or adversely impact a contractor’s bidding status.

1) The Joint Check Notification Form must be fully completed.

The Joint Check Notification Form acts as a written joint check agreement among the parties providing full and prompt disclosure of the expected use of joint checks. The completed form should be turned in with the Subcontract Approval Form (SAF). If the joint check usage is not known at that time, the Notification Form shall be submitted within 5 business days after the transaction with the third party.

2) The second party (typically the prime contractor) acts solely as a guarantor.

49 CFR, Part 26 requires that the DBE’s own funds are used to pay for the material and it is not appropriate for the funds to come from another party (i.e. the prime contractor). Joint Checks, used in accordance with the Department’s programmatic approach, to the DBE from the prime contractor for the costs of items procured by the DBE from the supplier may be regarded as representing the DBE’s own funds.

3) The DBE must release the check to the supplier.

If a DBE which has received a joint check from the prime contractor documents that it has been in control of the funds provided in the check and has determined when the supplier or other third party has fulfilled its responsibilities under the contract, NCDOT may conclude, absent evidence to the contrary, that the DBE is paying the third party with its own funds.

Joint checks issued by the prime contractor must be delivered or mailed to the DBE for presentation and payment to the DBE’s suppliers. The prime contractor shall not make the payment directly to the supplier.

Within 5 business days of the transaction with the third party, the prime contractor shall supply the following information to the Contract Administrator showing that the funds used to pay a supplier came from the DBE’s own funds: a copy of the joint check and a copy of the material quote to the DBE on the supplier’s letterhead. (The quote must be in writing to get credit for the materials.) These documents are required to get full credit toward the contract goal requirement.

NCDOT's Role:

To monitor and review the following:

- Determination of independence of the DBE. Independence is when the DBE has retained final decision-making responsibility concerning the procurement of materials and supplies, even when joint checks are involved.
- Whether the relationship between the DBE and its suppliers was established independent of the prime contractor.
- Ensure that the form is filled out with all signatures, the procedures are followed, and all supporting documentation requested is attached.
- Investigate allegations of misuse, abuse, or fraud in the use of joint checks.
- Audit joint check usage by reviewing joint check notification forms, analyzing patterns or trends, and preparing reports of findings and recommendations.
- The Contract Administrator will notify the prime contractor in writing of conditions of noncompliance.

Contractor's Role:

- Joint checks must be available to all subcontractors.
- Exclusive relationships with one DBE concerning the use of joint checks should be avoided.
- The use of joint checks should be focused on accomplishing the procurement of materials needed for a particular purpose at a particular time.
- Long-term or open-ended joint checking arrangements may be a basis for further scrutiny and may result in the lack of participation towards the contract goal requirement if DBE independence cannot be established.