

**Revision to Memorandum of Understanding 04-01
 Operation and Financing of the Metropolitan Planning Organization
 In the Boise and Nampa Urbanized Areas**

Section 5. 3.11

(d) Indirect Costs – Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, (b) not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved, or (c) the identification would be based on assumptions subject to conflicting interpretations.

Indirect costs are allocated to programs based on an Indirect Cost Allocation Plan as stated below:

The allocation base is direct labor. The use of direct labor costs as the basis is a standard accounting practice for both profit and not-for-profit entities. The single allocation base is used instead of multiple bases (ie: occupied space, number of transactions, etc.) because the use of multiple bases would not produce a more equitable apportioning of costs and the single base method is significantly easier.

Actual incurred indirect costs are accumulated, recorded and allocated as part of the month-end closing procedures. The formula for charging indirect costs to programs with direct labor costs is based upon the approved Unified Planning Work Program and Budget (UPWP) and the indirect cost rate is adjusted monthly to reflect actual costs incurred.

$$\text{PROJECT INDIRECT COSTS} = \text{PROJECT DIRECT LABOR COSTS} \times \text{INDIRECT COST RATE}$$

Indirect costs are divided into two categories:

- A. General Administration Salary and Benefit Costs – All employees perform some general management and support functions, which are of benefit to all programs including:

Human Resource Management	Finance and Accounting
Information Systems Management	Legal
General Operations	Public Information
Training/Seminars	General Staff Meetings

- B. Other Services and Charges – Those indirect costs that are not specific to a particular program and benefit all programs including:

Professional Services	Events
Equipment Lease	Audit
Equipment Repair/Maintenance	Insurance
Travel/Education	Legal Services
Dues	General Supplies
Publications	Computer Supplies
Postage	Computer Software/Maintenance

Telephone
Space Rent
Janitorial
Printing
Copier
Advertising

Internet Service
Commuting Incentive
Vehicle Maintenance
Utilities
Local Travel
Other

This Indirect Cost Allocation Plan is prepared in accordance with the policies and procedures contained in 49 CFR 18, Attachment E of OMB Circular 87 and Circular A-133. A consistent approach is followed in treating a given type of cost as direct or indirect and in no case are costs charged as direct costs of federally supported programs included in indirect costs.