



**THE VIRGIN ISLANDS DEPARTMENT OF EDUCATION  
GRANTS MANAGEMENT & REPORTING POLICY AND PROCEDURE**

Policy/Procedure Title:	GM1.6 – Processing Indirect Cost Reimbursement
Purpose:	This procedure establishes guidelines for the weekly Indirect Cost reimbursement process
Definitions:	GVI - Government of the Virgin Islands VIDE – Virgin Islands Department of Education VIDOF - VI Department of Finance
Policy:	<ol style="list-style-type: none"> <li>1. Indirect costs represent business expenses that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.</li> <li>2. On an annual basis the Virgin Islands Office of Management and Budget submits single cost data to the US. Department of the Interior, cognizant agency, on behalf of Virgin Islands Department of Education to facilitate the negotiation of an indirect cost rate for the upcoming fiscal year.</li> <li>3. Cost allocation plans or indirect cost rates are used to distribute those costs to benefiting revenue sources.</li> </ol>

Procedure:
<ol style="list-style-type: none"> <li>1. The Business Office Staff Accountant calculates the federal grant reimbursable indirect cost amount on a weekly basis.</li> <li>2. The calculation is based on: <ul style="list-style-type: none"> <li>• All allowable costs incurred and</li> <li>• The current indirect cost rate determined by the cognizant agency and agreed upon by the grantor agency</li> </ul> <p>(Note: If indirect cost rate is not current, VIDE must submit requests to the USDOE for a provisional indirect cost rate. Such requests should be made for permission to be extended at the end of the each 6 month period, until the rate is amended).</p> </li> <li>3. The Business Office Staff Accountant calculates the indirect cost computation utilizing a customized Excel Indirect Cost Model. (<a href="#">SEE HOW TO GUIDE 1.6H</a>)The following procedures are performed to complete the calculation:</li> <li>4. Import Personnel and Operating Costs (includes Salary and Fringe Benefits Costs) from the Grants Status Report</li> <li>5. Input MUNIS Flex Report Capital Outlay expenses.</li> <li>6. Compute the Allowable Reimbursable Indirect Cost Amount using the following formula:</li> </ol>



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Allowable Reimbursable Indirect Cost Amount = (Personnel Costs + Operating Costs – Capital Outlays \* Approved Indirect Cost Rate)

(Note: This formula provides a true up of indirect costs earned based on all expenditures cumulative to date. As such it takes into consideration any prior period adjustments to expenditures).

7. The indirect cost rate that is applicable to a particular grant is applied in the computation of the allowable reimbursable indirect cost amount.
8. The Director of the Business Office validates the calculation of allowable reimbursable Indirect Cost amount.
9. If there are not enough funds in the indirect cost budget category to cover the earned indirect cost reimbursement request, there must be a budget adjustment to reallocate grant funds to the indirect cost line item. Once the budget reallocation adjustment is complete, the indirect cost reimbursement request can be entered into MUNIS, for processing.
10. Validated requests are processed for reimbursement through the MUNIS accounts payable module.
11. The Director of the Business Office will review and approve the request for indirect cost reimbursement within the MUNIS workflow.
12. The Controller will review and approve the request for indirect cost reimbursement. Once the approval is granted, the indirect cost reimbursement is released for processing in the (weekly check run process).
13. Following the printing of the indirect cost reimbursement checks, the related funds are drawdown from the United States Department of Education G5.
14. On a weekly basis checks are produced and delivered, with adequate supporting documentation, for submission to the VIDOF.

(Note: All drawdown documents must be supported by adequate documentation: proof of cumulative to date of allowable expenditures by organization and project level).