

INDEX

Interstate Medical Licensure Compact
Policies

#1 - Policy on Policies
#2 - Policy on Conflict of Interest
#3 – Policy on Spending Authority – Executive Committee
#4 – Policy on Annual Report
#5 – Policy on IMLCC Reserve Funds
#6 – Policy on Records and Information Requests
#7 – Policy on Changes to the IMLCC webpage or public facing media
#8 – Policy on Capital Assets

1 INTERSTATE MEDICAL LICENSURE COMPACT

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3 Policies

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5 **#1 – Policy on Policies**

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7 ADOPTED: APRIL 1, 2016

8
9 EFFECTIVE: APRIL 1, 2016

10
11 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 12 • None

13
14 **I. Policy Statement**

15
16 The Interstate Medical Licensure Compact (IMLC) Commission is committed to
17 providing policies that clearly interpret and provide guidance on its actions in the
18 interpretation, application and administration of the IMLC. Policies are not legally
19 binding, but are intended to provide clarity, guide decisions, or implement a procedure
20 or protocol.

21
22 **II. PURPOSE**

23
24 The purpose of this policy is to establish:

- 25
26 1. A formal mechanism to create, approve, rescind and periodically review IMLC
27 policies.
28
29 2. A central policy archive that is accessible and easy to use.

30
31 **III. DEFINITIONS**

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33 **Policy** – A policy is a governing set of principals that guide the IMLC Commission in
34 its actions in the application and administration of the IMLC. It helps to ensure
35 compliance with applicable laws and regulations, promotes operational efficiencies,
36 and provides a basis for consistent decision-making, resources allocations or a
37 method of action selected to guide and determine present and future decisions. It
38 mandates actions or constraints and contains specific procedures to follow.

39
40 **Policy action** – A policy may be created, amended or rescinded.

42 **Policy development** – Commissioners or IMLC Commission committees may
43 propose policy action. The IMLC Commission will determine the need for policy
44 action pertaining to the interpretation or application of the language and provisions of
45 the IMLC. The IMLC Commission may delegate authority to the executive director to
46 determine the need for policy action for the administration of the IMLC.

47
48 **Policy approval** – The authority to determine which policy action requires approval
49 of the IMLC Commission rests with the executive committee, which shall review
50 proposed policy action and decide to recommend it with or without amendments,
51 return it for further study and analysis, or reject it all together. The Commission may
52 review any approved or rejected policy and choose to vote to approve, rescind or
53 reject such action of the executive committee.

54
55 **Policy maintenance** – All policies will be maintained centrally and will be accessible
56 to all interested persons through the IMLC Commission website. Anyone
57 responsible for creating, distributing or revising IMLC policy shall follow the
58 procedures outlined in this policy.

60 **IV. DEVELOPMENT**

61
62 Proposed policy actions shall be presented in a format that includes:

- 63 1. *Policy Statement* – This is a summary of the policy action.
- 64 2. *Purpose* – This section addresses what the policy action intends to accomplish.
- 65 3. *Definitions* – This section lists and defines specific terms in the policy action.
- 66 4. *Development* – This section lists the format of a policy action.
- 67 5. *Requirements* – This section delineates the requirements of a policy.

70 **V. REQUIREMENTS**

- 71 1. An IMLC policy shall be clearly written and understandable and be accessible
72 to the IMLC Commission, member states, and the public.
- 73 2. An IMLC policy shall be consistent with applicable laws and regulations and
74 case law.

- 82 3. An IMLC policy is effective upon adoption, or shall express an effective date,
83 and the policy shall remain in effect until amended or rescinded by the
84 authorized authority, or as expressed in the policy, such as a sunset clause.
85 The date of amendment(s) to an existing policy shall be expressed, but the
86 original policy adoption date shall be retained.
87
- 88 4. All IMLC policies shall be reviewed and updated every five fiscal years or earlier
89 as needed.
90
- 91 5. All IMLC policies shall be maintained on the IMLC Commission's website.
92 Policies that are rescinded shall be removed on the effective date of the policy
93 action.
94
- 95 6. An IMLC policy action shall be announced in a press release created and
96 distributed by the communications committee.
97

98 VI. RESPONSIBILITY

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100 The executive committee shall be responsible for ensuring that all IMLC policies are
101 current, compliant with all statutory requirements and case law, and consistent with
102 other applicable standards. The executive committee may delegate this responsibility to
103 the executive director.
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105 #2 – Policy on Conflict of Interest

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107
108 ADOPTED: JUNE 24, 2016

109
110 EFFECTIVE: JUNE 24, 2016

111
112 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 113 • None
- 114

115 I. POLICY STATEMENT

116

117 Interstate Medical Licensure Compact (IMLC) commissioners and staff members occupy
118 positions of trust and good faith and are obligated to act in the best interest of the IMLC and its
119 member boards without regard to their personal benefit or the interests of other organizations
120 with which they are associated. IMLC commissioners and staff member shall disclose all actual
121 or perceived conflicts of interest and shall recuse themselves from all discussions and decisions
122 when a conflict of interest has been disclosed or identified, unless a majority of the quorum of the
123 IMLC Commission determines otherwise.

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II. PURPOSE

The purpose of the conflict of interest policy is to foster public confidence and trust in the IMLC Commission and to protect the interests of the IMLC Commission as it conducts its business. This policy is intended to prevent actual or perceived conflicts of from influencing IMLC commissioners or staff members in the performance of their duties.

III. DEFINITIONS

Conflict of Interest – An actual or perceived conflict of interest exists when a financial or other relationship might directly or indirectly benefit the private or personal interests of an IMLC commissioner or staff member, or prejudice an IMLC commissioner or staff member in business before the IMLC Commission. A majority of the quorum of the IMLC Commission may determine if an actual or perceived conflict of interest exists for an IMLC commissioner or staff member

Financial Interest – Is an interest, whether through commitment, investment, relationship, obligation, involvement, loan, donation, exchange transaction, or otherwise, direct or indirect, that may influence a person’s judgement.

Gift – Is any item or service with monetary value in excess of \$50.00 offered to the IMLC Commission, an IMLC commissioner or an IMLC staff member without the expectation of compensation to the contributor. The gift might be tangible or intangible.

IV. REQUIREMENTS

1. **Duty to Disclose.** IMLC commissioners and staff members have a duty to disclose all actual and perceived conflicts of interest for themselves or other IMLC commissioners or staff members.
2. **Personal recusal.** IMLC commissioners and staff members who disclose a personal conflict of interest shall recuse themselves from all discussions and decisions, on the matter, unless otherwise determined by a majority of the quorum of the IMLC Commission, or by a majority of a committee designated by the IMLC Commission. The recusal shall be recorded in the IMLC Commission minutes or in a disclosure form provided by the IMLC Commission at the initiation of a meeting.

164 **3. Commission-directed recusal.** If an IMLC commissioner or staff member
165 becomes aware of the existence of an actual or perceived conflict of interest,
166 the IMLC commissioner or staff member shall provide this information to the
167 IMLC Commission or a committee designated by the IMLC Commission.
168 Upon the commissioner’s own motion, or motion of a party, a majority of the
169 quorum of the IMLC Commission may recuse a commission upon a
170 determination that the actual or perceived conflict of interest raises an
171 unacceptable risk of bias or prejudgment in matters before the IMLC
172 Commission. The recusal shall be recorded in the IMLC Commission minutes
173 or in a disclosure form provided by the IMLC Commission at the initiation of a
174 meeting.

175
176 **4. Gifts.** The IMLC Commission shall maintain a public listing of all gifts.
177

178 **5. Annual review of this policy.** Each IMLC commissioner and staff member
179 shall annually sign a statement which affirms such person:
180

- 181 a. Has received a copy of the conflict of interest policy,
- 182 b. Has read and understands the policy, and
- 183 c. Has agreed to comply with the policy.

184
185 **6. Administration of this policy.** The IMLC Commission executive committee
186 shall be responsible for administering this policy and ensuring that this policy is
187 current, compliant with all statutory requirements and case law, and consistent
188 with other applicable standards. The executive committee may delegate
189 administration and maintenance of this policy to the IMLC executive director.
190

191
192 **#3 – Policy on Executive Committee Spending Authority**

193
194 ADOPTED: FEBRUARY 22, 2017

195
196 EFFECTIVE: FEBRUARY 22, 2017

197
198 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 199 • None

200
201 **I. POLICY STATEMENT**

202
203 The Interstate Medical Licensure Compact (IMLC) commissioners and staff members are
204 committed to efficiently and responsibly procuring goods and service necessary to carry out the

205 operations of the IMLC; paying bills and expenses; and monitoring all expenditures for
206 compliance with applicable laws, regulations and policies. In order to assure timely, effective
207 business operations, it may be advantageous to delegate limited spending authority to certain
208 groups or individuals.

209

210 **II. PURPOSE**

211

212 The purpose of this policy is to establish:

213

214 • A formal mechanism to empower the Executive Committee spending authority for
215 goods and services **up to \$5,000** without IMLC Commission approval.

216

217 • A formal process for the Executive Committee to delegate signature authority to
218 appropriate parties for purchasing goods or services pursuant to this policy.

219

220 • A definition of qualified expenditures under this policy.

221

222 • A process for reporting expenditures authorized by the Executive Committee or
223 its designees(s) to the IMLC Commission.

224

225 **III. DEFINITIONS**

226

227 ***Qualified expenditure*** – Any type of goods or services totaling **up to \$5,000**
228 necessary to carry out the day-to-day operations of the IMLC.

229

230 ***Signature authority*** – Delegation to a designated individual or individuals to sign
231 contracts or other documents authorizing expenditures made pursuant to this policy.

232

233 **IV. REQUIREMENTS**

234

235 **1. Documentation of expenditures.** All expenditures made in accordance with
236 this policy shall be immediately documented in a format established and
237 approved by the IMLC Commission and maintained by the Executive
238 Committee.

239

240 **2. Report.** The Executive Committee shall prepare a report of all expenditures
241 made under this policy to be presented to the IMLC Commission annually, or
242 more frequently if requested by the IMLC Commission.

243

244 **3. Annual review of this policy.** The IMLC Commission Bylaws and Rules
245 Committee shall review this policy each year and make recommendations to
246 the IMLC Commission for continuation or modification of this policy.
247

248 **4. Administration of this policy.** The Executive Committee shall be responsible
249 for administering this policy and ensuring that this policy is current, compliant
250 with all statutory requirements and case law, and consistent with other
251 applicable standards. The Executive Committee may delegate administration
252 and maintenance of this policy to the IMLC executive director.
253

254
255 **#4 – Policy on Annual Report**

256
257 ADOPTED: MARCH 20, 2018

258
259 EFFECTIVE: MARCH 20, 2018

260
261 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 262 • None
263

264 **VII. Policy Statement**

265
266 The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph “q”
267 states that the Interstate Commission shall report annually to the legislatures and
268 governors of the member states concerning the activities of the Interstate Commission
269 during the preceding year.
270

271 **VIII. PURPOSE**

272
273 The purpose of this policy is to:

- 274
275 A. Assign to the Communications Committee the responsibility for creation,
276 production, and distribution of the annual report.
277
278 B. Establish the date the annual report shall be released.
279
280 C. Identify the mandatory content of the annual report.
281

282
283 **IX. DEFINITIONS**
284

285 **Year** – The annual report shall cover the activities of the Interstate Commission
286 during the established fiscal year which is the period of time between July 1 of a
287 given year to June 30 of the following year.

288
289 **X. DEVELOPMENT**

290
291 Proposed policy actions shall be presented in a format that includes:

292
293 A. The Communications Committee shall be responsible for the creation, production
294 and distribution of the annual report. The committee may delegate
295 responsibilities to the executive director.

296
297 B. The annual report shall be release not later than 120 days after the end of the
298 fiscal year. The 2017 Annual Report will be considered a transition report as the
299 reporting cycle moves from a calendar year reporting cycle to a fiscal year cycle.
300 The result is that the 2017 Annual Report will reflect the activities of the Interstate
301 Commission from January 1, 2017 to June 30, 2017.

302
303 C. Content of the annual report shall be determined by the Communications
304 Committee, which will include as a minimum:

- 305
306 1. Reports of financial audits and any recommendations that may have been
307 adopted by the Interstate Commission;
308
309 2. A report of the budget;
310
311 3. A summary of policies, amendments to the bylaws, amendments to the
312 rules, and advisory opinions that were issued or renewed by the Interstate
313 Commission;
314
315 4. Information on licenses issued, including renewals, through the Compact;
316
317 5. Information on compliance actions through the Compact;
318
319 6. A Roster of Compact member boards and their appointed commissioners;
320
321 7. A summary of committee activities; and
322
323 8. A report from the executive director.

324
325 **XI. RESPONSIBILITY**

326
327 The executive committee shall be responsible for administering this policy and
328 ensuring that this policy is current, compliant with all statutory requirements and
329 case law, and consistent with other applicable standards. The executive committee
330 may approve the publication of the annual report as presented by the
331 Communications Committee. The executive committee may delegate administration
332 and maintenance of this policy to the executive director.

333
334 **#5 – Policy on IMLCC Reserve Funds**

335
336 ADOPTED: MAY 18, 2018

337
338 EFFECTIVE: JULY 1, 2018

339
340 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 341 • None

342
343 **I. Policy Statement**

344
345 The Interstate Medical Licensure Compact (IMLC) Statute Section 13 establishes the
346 Interstate Commission with financial powers, including the establishment of an annual
347 budget. IMLC Bylaws, Article VIII, establishes the fiscal years and covers matters of
348 IMLCC finance. The IMLCC budget intends to establish reserve funds to provide for
349 contingency funding and large item purchase funding. These reserve funds are
350 necessary to ensure that financial resources are sufficient and available to prevent the
351 creation of debt obligations.

352
353 **II. PURPOSE**

354
355 The purpose of this policy is to:

- 356
357 A. Define the types of reserve funds to be developed and maintained.
358
359 B. Define how the reserve fund amount(s) are to be determined.
360
361 C. Define the authorization required to use the cash fund.
362
363 D. Define how unexpended reserve funds are to be handled.

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366 **III. DEFINITIONS**

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Cash – Money that is held in an account, including certificates of deposit and other secured financial instruments, owned and controlled by the IMLCC at a Federal Deposit Insurance Corporation (FDIC) member bank.

Reserve Fund – An amount of cash set aside to meet future liability.

IV. DEVELOPMENT

The IMLCC can create multiple reserve funds. The creation of a reserve fund is initiated as a motion from the Budget Committee, reviewed by the Executive Committee, and requires the approval of a majority of IMLC commissioners present during a regularly scheduled IMLCC meeting. The reserve funds may be built during a single fiscal year or may be built over multiple fiscal years. These funds include:

- A. General Reserve Fund – A specific amount of cash held in anticipation to meet unforeseen financial obligations or budget shortfalls. Expenditures from this fund require a motion from an IMLCC committee and requires the approval of a 2/3rd majority of the IMLC commissioners present during a regularly scheduled meeting.
- B. IT Reserve Fund – An amount of cash to be established as part of the budget development process of the Budget Committee. A specific IT project must be identified, such as to reserve funds to pay for the replacement or upgrade the current Data Management System, and the funds are only available to pay for that identified project. There can be more than one IT Reserve Fund created and maintained. Expenditures from this fund require the approval of the Executive Committee. Funds that are not used shall revert to the IMLCC General Reserve Fund.
- C. Capital Project Reserve Fund – An amount of cash to be established as part of the budget development process of the Budget Committee. A specific project must be identified, and funds are only available to pay for that identified project. There can be more than one Capital Project Reserve Fund created and maintained. Expenditures from this fund require the approval of the Executive Committee. Funds that are not used shall revert to the IMLCC General Reserve Fund.
- D. Special Project Reserve Fund – An amount of cash to be established as part of the budget development process of the Budget Committee. A specific project must be identified, and funds are only available to pay for that identified project.

408 There can be more than one Special Project Reserve Fund created and
409 maintained. Expenditures from this fund require the approval of the Executive
410 Committee. Funds that are not used shall revert to the IMLCC General
411 Reserve Fund.

412
413 **V. RESPONSIBILITY**

414
415 The executive committee shall be responsible for administering this policy and ensuring
416 that this policy is current, compliant with all statutory requirements and case law, and
417 consistent with other applicable standards. The executive committee may delegate
418 administration and maintenance of this policy to the executive director.

419
420 **#6 – Policy on Records and Information Requests**

421
422 ADOPTED: SEPTEMBER 18, 2018

423
424 EFFECTIVE: SEPTEMBER 18, 2018

425
426 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 427 • None

428
429 **I. POLICY STATEMENT**

430
431 The Interstate Medical Licensure Compact Commission is a public body made up of
432 representatives from the various states that have joined the IMLC.

433
434 Because the IMLCC is not a federal, state, municipal or other government agency, or an
435 incorporated private entity, it is not subject to the federal Freedom of Information Act or
436 to any public records law of a particular state. The IMLCC is subject only to the
437 language of the Compact and its own rules and policies.

438
439 **II. AUTHORITY**

440
441 Interstate Medical Licensure Compact Statute, Section 12 – Powers and Duties of the
442 Interstate Commission, includes the following provisions, specifically in subparagraphs:

443
444 (a) oversee and maintain the administration of the compact;

445
446 (k) establish personnel policies and programs relating to conflicts of interest,
447 rates of compensation, and qualifications of personnel;

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(s) maintain records in accordance with the bylaws;

(u) perform such functions as may be necessary or appropriate to achieve the purposes of the compact.

This policy also in compliance with Chapter 2 (Information Practices) of the IMLCC's administrative rules and with IMLCC Policy #1 (Policy on Policies.)

Further Interstate Medical Licensure Compact Statute, Section 11 – Interstate Medical Licensure Compact Commission, subparagraph (j) states that “The interstate commission shall make its information and official records, to the extent not otherwise designated in the compact or by its rules, available to the public for inspection.”

III. PURPOSE

The IMLCC recognizes that individuals or entities may make requests for information from the IMLCC. This policy outlines what is considered IMLCC information and what is information held by the member states and, therefore, subject to the individual laws of those states. This policy also outlines the procedures that IMLCC personnel will follow after receiving requests for information from the IMLCC.

IV. DEFINITIONS

“Board” means a state medical or osteopathic board from a state that is a member of the Compact.

“IMLCC information” includes the following:

- a) Lists of member states.
- b) Lists of appointed commissioners to the IMLCC.
- c) Lists of IMLCC employees and/or contractors.
- d) Meeting agendas and minutes.
- e) Meeting materials (excluding those considered confidential under terms of the Compact, IMLCC rules, or IMLCC policies.)
- f) Financial reports of IMLCC revenues and expenses.
- g) Reports regarding grants, gifts, loans or non-monetary contributions to the IMLCC.
- h) Total numbers of physician applications to the IMLCC for Letters of Qualification.

- 487 i) Total numbers of physicians granted a Letter of Qualification.
488 j) Total numbers of physicians denied a Letter of Qualification.
489 k) Total numbers of state licenses requested by physicians with Letters of
490 Qualification.
491 l) Total numbers of state physician licenses granted via the Compact.
492 m) Total numbers of state physician licenses renewed via the Compact.
493 n) Total numbers of revoked Letters of Qualification.

494

495 “Requestor” means any individual, organization or entity that contacts the IMLCC
496 with a request for information.

497

498 “State” means a state which has joined the Compact through legislation.

499

500 “State-held information” includes the following:

- 501 a) Total numbers of requests to a state for a Letter of Qualification.
502 b) Total numbers of physicians granted a Letter of Qualification by a state.
503 c) Total numbers of physicians denied a Letter of Qualification by a state.
504 d) Total numbers of physician licenses granted by a state to applicants
505 using the Compact.
506 e) Total numbers of state physician licenses renewed by a state to
507 physicians licensed via the Compact.
508 f) Total numbers of reported disciplinary actions by a state against
509 physicians licensed via the Compact.
510 g) Total numbers of Letters of Qualification revoked by a state.
511 h) Total numbers of licenses granted via the Compact that have been
512 revoked, suspended or otherwise sanctioned by a state as the result of a
513 disciplinary adjudication.
514 i) Individual information about a physician who has been approved,
515 denied, licensed or disciplined by a state under terms of the Compact
516 that is considered public record under the laws of an individual state.

517

518 “Working days” means Monday, Tuesday, Wednesday, Thursday and Friday,
519 excluding federal or state holidays.

520

521 **V. PROCEDURES**

522

- 523 A. All requestors of IMLCC information shall submit a request in writing to the
524 IMLCC executive director. The written request, which also includes via email,
525 shall include the name, address and other contact information of the

526 requestor, as well as a detailed description of the information sought. If the
527 IMLCC approves a form for this purpose, it shall be available on the IMLCC
528 website.
529

530 B. The IMLCC executive director shall make a record of each request as it is
531 received.
532

533 C. The IMLCC executive director shall determine whether the request is for
534 IMLCC information or state/board information.
535

536 D. When the requestor seeks state/board information, the IMLCC executive
537 director shall refer the requestor to the state(s)/board(s) where that
538 information is located.
539

540 E. When a requestor seeks IMLCC information and has submitted the request in
541 writing, the IMLCC executive director shall notify the requestor that the
542 request has been received. If the information is available on the IMLCC
543 website, the executive director shall refer the requestor to the website. If the
544 information is not available on the website, the executive director shall notify
545 the requestor that further communication will be forthcoming.
546

547 F. For those requests that involve information not on the IMLCC website, the
548 IMLCC executive director shall assess the nature of the request and the
549 resources required to fulfill it.
550

551 G. The IMLCC executive director shall fulfill a request for IMLCC information as
552 soon as possible after sending the notification of receipt.
553

554 H. The IMLCC executive director shall charge a fee of \$50.00/hour for
555 information searches, with the first hour free of charge.
556

557 I. For requests that the IMLCC executive director determines will require
558 extensive time, money or other resources to fulfill, the executive director may
559 bring the request to the IMLCC Executive Committee for consultation.
560

561 J. For requests that require extensive time, money or other resources to fulfill,
562 the IMLCC executive director shall work cooperatively with the requestor
563 regarding when the request shall be fulfilled.
564

565 K. The preferred method of providing information to requestors shall be e-mail,
566 including attachments if needed. The IMLCC executive director also may
567 provide information on a portable memory device supplied by the requestor or
568 via a file transfer service approved by the IMLCC Executive Committee.

569
570 **VI. RESPONSIBILITY**

571
572 The executive committee shall be responsible for administering this policy and ensuring
573 that this policy is current, compliant with all statutory requirements and case law, and
574 consistent with other applicable standards. The executive committee may delegate
575 administration and maintenance of this policy to the executive director.

576
577 **#7 – Policy on Changes to the IMLCC webpage or public facing media**

578
579 ADOPTED: November 5, 2020

580
581 EFFECTIVE: November 5, 2020

582
583 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 584 • None

585
586 **I. Policy Statement**

587
588 The Interstate Medical Licensure Compact Commission (IMLCC) Statute, Section
589 11, paragraph (c), creates the Interstate Commission as a body corporate and joint
590 agency of the member states. The Interstate Commission is further charged in
591 IMLCC Statute, Section 11, paragraph (j) to make its information and official records
592 available to the public for inspection. Through this policy the Interstate Commission
593 has determined that the process to provide information and make available the
594 official records is an authority retained by the Interstate Commission not to be
595 delegated to the IMLCC executive director or staff, unless outlined in this policy.

596
597 **II. PURPOSE**

598
599 The purpose of this policy is to:

- 600
601 A. Establish the process and guidelines to be used to authorize changes to the
602 IMLCC’s webpage and other public facing media; and
- 603
604 B. Delineate the delegated authorization to IMLCC staff.

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III. DEFINITIONS

Communications Committee – A standing committee established by the Interstate Medical Licensure Compact Commission pursuant to IMLCC Bylaws, Article VII, Section 2.

IMLCC Website – The public website hosted and maintained by the Interstate Medical Licensure Compact Commission to provide information to the public, applicants, commissioners, and member board staff. The website is also used to access the application process.

Public facing media – Any publication, print or electronic, where information is distributed to the general public to provide information about the IMLC/IMLCC or its activities.

IV. PROCESS

- A. All substantive information provided on the IMLCC website or other public facing media must be approved by the Communications Committee in advance.
- B. The Communications Committee delegates to the executive director, or staff authorized by the Executive Director, the authority to make non-substantive updates or changes to the IMLCC website or other public facing media which are administrative or technical in nature, as deemed necessary to conduct business. Examples include, but are not limited to:
 - a. Posting minutes of Interstate Commission and its committees approved during the normal course of business;
 - b. Posting notices of meeting dates and times as approved by the Interstate Commission and its committees during the normal course of business;
 - c. Posting of public documents as approved by the Interstate Commission or its committees;
 - d. Posting of press and information releases approved by the Interstate Commission and its committees during the normal course of business;
 - e. Posting of reports and audit results approved by the Interstate Commission and its committees during the normal course of business;
 - f. Posting of updates to the information regarding the level of participation by member board and legislation introduced by states or territories to join the IMLCC;

- 646 g. Posting of support contact and fee information provided by a member
- 647 boards;
- 648 h. Posting of contact information about the IMLCC;
- 649 i. Posting of rulemaking information as approved by the IMLCC Rules and
- 650 Administrative Procedures Committee;
- 651 j. Technical updates as they relate specifically to the IMLCC application
- 652 processes; and
- 653 k. Specific actions authorized by the Communications Committee as it
- 654 deems necessary.

655

656 **V. RESPONSIBILITY**

657

658 The executive committee shall be responsible for administering this policy and

659 ensuring that this policy is current, compliant with all statutory requirements and

660 case law, and consistent with other applicable standards. The executive committee

661 may delegate administration and maintenance of this policy to the executive director.

662

663

664 **#8 – Policy on Capital Assets**

665

666 **ADOPTED: November 17, 2020**

667

668 **EFFECTIVE: November 17, 2020**

669

670 **AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):**

- 671 • None

672

673 **I. Policy Statement**

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675 The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph (m),

676 states that the Interstate Commission may purchase property and other fixed assets.

677 This policy established how the IMLCC will account for the costs related to obtaining

678 and maintaining the fixed assets, including the process to dispose of the fixed assets.

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680 **II. PURPOSE**

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682 The purpose of this policy is to:

- 683 • Ensure a uniform understanding of the IMLCC's capitalization of fixed assets.
- 684 • Establish a methodology of depreciation for fixed assets.

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III. DEFINITIONS

688 **Building** -- Purchase or construction – 50-year life. All direct costs of construction
689 should be included in calculating the capitalized cost of the asset. Direct costs
690 include architect/engineering/legal fees, permits, interest incurred as a result of the
691 building project, as well as actual construction costs. Included with this category
692 are all permanently attached fixtures, machinery, and other components that
693 cannot be removed without damage resulting to the building. If a component can
694 be removed without damage, then it should be considered equipment and not
695 included in the cost of the building. The cost of a building should not be adjusted
696 for repairs, maintenance, or replacement of component parts that do not extend
697 the building's original useful life or significantly enhance its net value. For example,
698 work to maintain buildings in their existing condition, such as painting, repairs, or
699 roof repairs should be expensed in the period in which the work is completed.

700 **Building Improvements** -- Capitalized if \$15,000 or more – 20-year life. Building
701 improvements are significant alterations, renovations, or structural changes that
702 meets or exceeds \$15,000 and that increase the usefulness of the asset, enhance
703 its efficiency, or prolong its useful life. For example, the complete replacement of a
704 roof would be capitalized if the cost exceeds the capitalization threshold
705 (\$15,000). Building improvements may include interior or exterior construction of a
706 building or building systems, such as communication wiring, electrical or plumbing
707 systems. They may also include the completion of interior or exterior appointments
708 or finishes, so long as they are done as part of a significant alteration or
709 renovation. Material remodeling or renovation that exceeds \$15,000 in cost should
710 be capitalized as a building improvement. Maintenance, renovations and costs
711 below the threshold should be expensed. It is important to distinguish between an
712 expenditure that is a repair versus an expenditure that is an improvement to extend
713 the useful life of the asset.

714 **Capital Leasehold Improvements - \$5,000 or greater** – Depreciate for the
715 remaining life of the lease. Construction of new buildings or improvements made
716 to the existing structure by the lessee, who has the right to use these leasehold
717 improvements over the term of the lease. These improvements will revert to the
718 lessor at the expiration of the lease. Moveable equipment or office furniture that is
719 not attached to the leased property is not considered a leasehold improvement.

720 **Computer Equipment - \$5,000 or greater per unit** – IT equipment that is
721 purchased with a unit price greater than \$5,000 including but not limited to servers,

722 telecommunications equipment, copiers, printers and multi-functional machines are
723 capitalized.

724 A group of assets that in total cost \$5,000 or more (e.g., 10 computer \$800 each)
725 is not capitalized unless the criteria in the “Exceptions to Per Item Thresholds” are
726 met.

727 **Equipment & Furnishings - \$5,000 or greater** – 8-year life. Capital
728 equipment/furnishings are a movable or fixed unit of furniture or furnishings,
729 instrument, machine, apparatus or set of articles which generally meets all of the
730 following conditions:

- 731 • It retains its original shape and appearance with use.
- 732 • It is nonexpendable; that is if the article is damaged or some of its parts
733 are lost or worn out, it is usually more feasible to repair it than to replace it
734 within an entirely new unit.
- 735 • It represents a substantial investment of money.
- 736 • It does not lose its identity through incorporation into a different or more
737 complex unit or substance.
- 738 • It must be non-expendable, tangible personal property having an
739 economic useful life of more than one year.

740 **Exceptions to Per Item Thresholds** – For new construction, renovations or
741 remodeling projects where the total cost of the furnishing and/or equipment
742 exceeds \$25,000, the \$5,000 threshold is waived for the purchase of moveable
743 equipment and furnishings provided they meet the following requirements:

- 744 • During the normal course of business, these items would be expensed
745 solely because they did not meet the IMLCC’s \$5,000 capitalization
746 threshold. This exception allows for the capitalization of an original
747 complement of low-cost equipment, furnishings, computer and IT
748 equipment, media and network equipment as part of the outfitting of a
749 tangible capital asset or operational unit, or an expansion, renovation, or
750 remodeling.
- 751 • Acquisitions eligible for this exception should be budgeted and expensed
752 using the appropriate accounting code (ACCT) for the capitalization
753 category (i.e. equipment, furnishing, computers, etc.) greater than \$5,000.
754 Expenditures for items that do not meet these requirements should be
755 expensed using the account code for non-capital (less than \$5k).

756 A record of the individual items must be compiled and submitted for tracking.

757 If any of the furniture or equipment being replaced is not fully depreciated, the net
758 value would be written off.

759 **Fixed assets** – Any item purchased, rented, leased by the IMLCC intended for use
760 by the IMLCC staff, contractors, or commissioners to be used for the benefit of the
761 IMLCC.

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763 **Fixed Asset Disposal** – IMLCC equipment cannot be thrown away or discarded.
764 To dispose of an asset, the Executive Director must complete the appropriate
765 forms to record this action. This form must be completed whenever the custody of
766 the fixed asset changes due to the item returned to vendor, traded, junked,
767 missing, stolen or determined to be surplus.

768 **Internal Use Software** -- Software having the following characteristics:

- 769 • The software is acquired, internally developed, or modified solely to meet
770 the entity's internal needs.
- 771 • During the software's development or modification, no substantive plan
772 exists or is being developed to market the software externally. A
773 substantive plan to market software externally could include the selection of
774 a marketing channel with identified promotional, delivery, billing and support
775 activities.

776 **Land improvements** – Capitalized if cost is \$20,000 or more– 15-year life. Land
777 improvements and infrastructure includes assets such as parking lots, fencing,
778 gates, utility distribution systems, cabling and networking between buildings,
779 sidewalks, roads, drainage and sewer systems. All direct costs of construction or
780 alteration should be included in calculating the cost of the land improvement.

781 Work to maintain land improvements in their existing condition, for example,
782 resurfacing a parking lot or repairing a fence should be expensed.

783 **Leases** – Accounting standards classify leases as either an operating or capital
784 lease. Capital leases are treated as the acquisition of assets and the incurrence of
785 obligations by the lessee. Operating leases are treated as current operating
786 expenses. All lease agreements must be reviewed and approved by the Executive
787 Director - IMLCC who will determine the classification of the arrangement.

788 **Media - \$5,000 or greater per unit and/or system** – This includes stand-alone
789 units or a combination of equipment for a system. This includes
790 conference/meeting room media installations where the total cost of the
791 components that make up the media “system” are \$5000 or greater.

792 **Missing or Stolen Assets** – If an item is identified as stolen or missing the
793 Executive Director must submit a completed Equipment Disposal Form. If the item
794 has been stolen the IMLCC should notify law enforcement and a copy of their
795 report pertaining to a theft should be attached to the form.

796 Complete the appropriate forms to note this action if IMLCC-owned capital assets
797 are sold, transferred or disposed of. This form does not grant approval to dispose
798 of equipment it only serves to update the capital asset inventory. Upon completion
799 of this form, please forward to the Executive Director.

800 **Pooled Assets** – A pooled asset is defined as a group of assets (furniture,
801 furnishings, equipment, and fixtures) that individually do not meet the capitalization
802 threshold but are purchased in a large quantity for a specific space that will
803 transform or upgrade the space. The pooled asset method provides for small
804 dollar/large quantity assets to be appropriately reflected on the financial statements
805 without imposing the unnecessary tracking of each asset individually as a practical
806 expedient. All purchases handled under the pooled asset method are to be
807 capitalized into a pool that is given a unique name for tracking purposes. The cost
808 should include full acquisition cost, including, where applicable, such items as
809 design costs, outside installation costs, furniture assembly, freight charges,
810 warehousing, and insurance. The total cost of the pooled assets must be greater
811 than \$25,000.

812 **Remodeling** - Changing of existing facilities by rearrangement of spaces and their
813 use.

814 **Renovation** - Rejuvenating or upgrading existing facilities by installation or
815 replacement of materials and equipment and includes, but is not limited to, interior
816 or exterior reconditioning of facilities and spaces, air conditioning, heating, or
817 ventilating equipment.

818 **Returned/Exchanged Assets** – If the IMLCC returns to a vendor an asset which
819 has been capitalized for either credit or a replacement asset, the IMLCC staff
820 should complete an Equipment Disposal Form and attach a copy of the credit
821 memo, check received from the vendor, or a copy of the documentation and submit
822 to the Executive Director.

823 **Software Capitalization** – Capitalization of costs should begin when both of the
824 following occur:

- 825 • Preliminary project stage is completed.

826 • Management, with the relevant authority, implicitly or explicitly authorizes
827 and commits to funding a computer software project and it is probable that
828 the project will be completed and the software will be used to perform the
829 function intended.

830 Capitalizable Software costs include:

- 831 • External direct costs of materials and services consumed in developing or
832 obtaining internal-use computer software.
- 833 • Payroll and payroll-related costs for employees who are directly associated
834 with and who devote time to the internal-use computer software project, to
835 the extent of the time spent directly on the project.
- 836 • Interest costs incurred while developing internal-use software. (Interest
837 should be capitalized in accordance with the provision of FASB Statement
838 No. 34, Capitalization of Interest Cost.)
- 839 • Upgrades and Enhancements: In order for upgrades and enhancements to
840 be capitalized it must be probable that those expenditures will result in
841 additional functionality.
- 842 • General and administrative costs and overhead costs should not be
843 capitalized as costs of internal-use software. These costs include data
844 conversion and migration, as well as training.
- 845 • Capitalization should cease no later than the point at which a computer
846 software project is substantially complete and ready for its intended
847 use. Computer software is ready for its intended use after all substantial
848 testing is completed.

849 **Surplus and Junked Assets** – When the IMLCC determines that an asset is
850 considered to have no remaining useful value, the Executive Director - IMLCC
851 should determine if the asset can be repurposed or disposed of. If the decision is
852 made that there is no repurpose value, the asset can be disposed of in accordance
853 with IMLCC policy. However, the Executive Director must submit a completed
854 Equipment Disposal Form.

855 856 **IV. Stages of Computer Software Development** 857

858 There are three stages of computer software development:

- 859 • Preliminary Project Stage,
- 860 • Application Development Stage, and

861 • Post-Implementation/Operation Stage.

862 **Preliminary Project Stage**

863 During this stage, strategic decisions are made to allocate resources to a new
864 project, performance requirements and system requirements are proposed,
865 vendors are explored and selected. Internal and external costs incurred during this
866 stage are expensed. Examples of costs related to this stage are:

- 867 • Conceptual formulation of alternatives
- 868 • Evaluation of alternatives
- 869 • Determination of existence of needed technology
- 870 • Final selection of alternatives

871 **Application Development Stage**

872 Internal and external costs incurred to develop internal-use computer software
873 during this stage should be capitalized. Costs to develop or obtain software for
874 data conversion should also be capitalized. The process of data conversion from
875 old to new systems may include purging or cleansing of existing data,
876 reconciliation or balancing of the old data and the data in the new system, creation
877 of new/additional data, and conversion of old data to the new system should be
878 expensed as incurred. Examples of costs related to this stage are:

- 879 • Design of chosen path, including software configuration and software
880 interfaces
- 881 • Coding
- 882 • Installation to hardware
- 883 • Testing, including parallel processing phases

884 **Post-Implementation/Operation Stage**

885 Internal and external training costs and maintenance costs should be expensed as
886 incurred. Examples of costs related to this stage are:

- 887 • Training
- 888 • Data Conversion
- 889 • Application maintenance

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891 **V. Capitalization Thresholds and Useful Life**
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ASSET CATEGORY	THRESHOLD	USEFUL LIFE
Building Improvements	\$15,000	20 yrs.
Land Improvements & Infrastructure	\$20,000	15 yrs.
Building Purchase or Construction	\$25,000	50 yrs.
Construction in Progress		Once completed
Capital Leasehold Improvements	\$5,000	Life of Lease
Equipment/Furnishing	\$5,000	8 yrs.
Pooled Asset - Equipment/Furnishing	\$25,000	8 yrs.
Computers & IT	\$5,000	4 yrs.
Media & Network Equipment	\$5,000	5 yrs.

ASSET CATEGORY	THRESHOLD	USEFUL LIFE
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Internal Use Software		
Minor	\$5,000 – \$50,000	5 yrs.
Major	Over \$50,000	10 yrs.

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894 **VI. RESPONSIBILITY**

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896 The Treasurer shall be responsible for administering this policy and ensuring that this
897 policy is current, compliant with all statutory requirements and case law, and consistent
898 with other applicable standards. The Treasurer may delegate administration and
899 maintenance of this policy to the Executive Director.
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