

# INDEX

Interstate Medical Licensure Compact  
Policies

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40 method of action selected to guide and determine present and future decisions. It  
41 mandates actions or constraints and contains specific procedures to follow.

42  
43 **Policy action** – A policy may be created, amended or rescinded.

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

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

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

62  
63 **Policy review** – The Rules and Administrative Committee is charged with  
64 conducting a regular review of the IMLCC policies. These reviews should occur at  
65 least every five (5) years. Recommendations for change should be made to the  
66 Executive Committee for action.

#### 67 68 **IV. DEVELOPMENT**

69  
70 Proposed policy actions shall be presented in a format that includes:

- 71  
72 1. *Policy Statement* – This is a summary of the policy action.
- 73  
74 2. *Purpose* – This section addresses what the policy action intends to accomplish.
- 75  
76 3. *Definitions* – This section lists and defines specific terms in the policy action.
- 77  
78 4. *Development* – This section lists the format of a policy action.
- 79  
80 5. *Requirements* – This section delineates the requirements of a policy.

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**V. REQUIREMENTS**

1. An IMLC policy shall be clearly written and understandable and be accessible to the IMLC Commission, member states, and the public.
2. An IMLC policy shall be consistent with applicable laws and regulations and case law.
3. An IMLC policy is effective upon adoption, or shall express an effective date, and the policy shall remain in effect until amended or rescinded by the authorized authority, or as expressed in the policy, such as a sunset clause. The date of amendment(s) to an existing policy shall be expressed, but the original policy adoption date shall be retained.
4. All IMLC policies shall be reviewed and updated every five fiscal years or earlier as needed.
5. All IMLC policies shall be maintained on the IMLC Commission’s website. Policies that are rescinded shall be removed on the effective date of the policy action.
6. An IMLC policy action shall be announced in a press release created and distributed by the communications committee.

**VI. RESPONSIBILITY**

The executive committee shall be responsible for ensuring that all IMLC policies are current, compliant with all statutory requirements and case law, and consistent with other applicable standards. The executive committee may delegate this responsibility to the executive director.

**#2 – Policy on Conflict of Interest**

ADOPTED: June 24, 2016  
EFFECTIVE: June 24, 2016  
POLICY REVIEWED: February 16, 2021

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

- 123 • None

124

125 **I. POLICY STATEMENT**

126

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

134

135 **II. PURPOSE**

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

141

142 **III. DEFINITIONS**

143

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

150

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

154

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

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160 **IV. REQUIREMENTS**

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202
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.
  3. **Commission-directed recusal.** If an IMLC commissioner or staff member becomes aware of the existence of an actual or perceived conflict of interest, the IMLC commissioner or staff member shall provide this information to the IMLC Commission or a committee designated by the IMLC Commission. Upon the commissioner's own motion, or motion of a party, a majority of the quorum of the IMLC Commission may recuse a commission upon a determination that the actual or perceived conflict of interest raises an unacceptable risk of bias or prejudice in matters before 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.
  4. **Gifts.** The IMLC Commission shall maintain a public listing of all gifts.
  5. **Annual review of this policy.** Each IMLC commissioner and staff member shall annually sign a statement which affirms such person:
    - a. Has received a copy of the conflict of interest policy,
    - b. Has read and understands the policy, and
    - c. Has agreed to comply with the policy.
  6. **Administration of this policy.** The IMLC Commission executive committee shall be responsible for administering this policy and ensuring that this policy is current, compliant with all statutory requirements and case law, and consistent with other applicable standards. The executive committee may delegate administration and maintenance of this policy to the IMLC executive director.

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

203  
204 ADOPTED: February 22, 2017  
205  
206 EFFECTIVE: February 22, 2017  
207  
208 POLICY REVIEWED: February 16, 2021  
209

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

- 211 • The policy was rescinded by the Executive Committee on March 2, 2021.

## 212 ~~I. POLICY STATEMENT~~

214  
215 ~~The Interstate Medical Licensure Compact (IMLC) commissioners and staff members are~~  
216 ~~committed to efficiently and responsibly procuring goods and service necessary to carry out the~~  
217 ~~operations of the IMLC; paying bills and expenses; and monitoring all expenditures for~~  
218 ~~compliance with applicable laws, regulations and policies. In order to assure timely, effective~~  
219 ~~business operations, it may be advantageous to delegate limited spending authority to certain~~  
220 ~~groups or individuals.~~

## 222 ~~II. PURPOSE~~

223  
224 ~~The purpose of this policy is to establish:~~

- 225  
226 ~~• A formal mechanism to empower the Executive Committee spending authority for~~  
227 ~~goods and services up to \$5,000 without IMLC Commission approval.~~
- 228  
229 ~~• A formal process for the Executive Committee to delegate signature authority to~~  
230 ~~appropriate parties for purchasing goods or services pursuant to this policy.~~
- 231  
232 ~~• A definition of qualified expenditures under this policy.~~
- 233  
234 ~~• A process for reporting expenditures authorized by the Executive Committee or~~  
235 ~~its designees(s) to the IMLC Commission.~~

## 237 ~~III. DEFINITIONS~~

238  
239 ~~**Qualified expenditure**— Any type of goods or services totaling up to \$5,000~~  
240 ~~necessary to carry out the day-to-day operations of the IMLC.~~

241  
242 ~~**Signature authority**— Delegation to a designated individual or individuals to sign~~  
243 ~~contracts or other documents authorizing expenditures made pursuant to this policy.~~

244

245 **IV. REQUIREMENTS**

246

247 ~~1. Documentation of expenditures.~~ All expenditures made in accordance with  
248 this policy shall be immediately documented in a format established and  
249 approved by the IMLC Commission and maintained by the Executive  
250 Committee.

251

252 ~~2. Report.~~ The Executive Committee shall prepare a report of all expenditures  
253 made under this policy to be presented to the IMLC Commission annually, or  
254 more frequently if requested by the IMLC Commission.

255

256 ~~3. Annual review of this policy.~~ The IMLC Commission Bylaws and Rules  
257 Committee shall review this policy each year and make recommendations to  
258 the IMLC Commission for continuation or modification of this policy.

259

260 ~~4. Administration of this policy.~~ The Executive Committee shall be responsible  
261 for administering this policy and ensuring that this policy is current, compliant  
262 with all statutory requirements and case law, and consistent with other  
263 applicable standards. The Executive Committee may delegate administration  
264 and maintenance of this policy to the IMLC executive director.

265

266

267 **#4 – Policy on Annual Report**

268

269 ADOPTED: March 20, 2018

270

271 EFFECTIVE: March 20, 2018

272

273 POLICY REVIEWED: February 16, 2021

274

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

- 276 • None

277

278 **VII. Policy Statement**

279

280 The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph “q”  
281 states that the Interstate Commission shall report annually to the legislatures and  
282 governors of the member states concerning the activities of the Interstate Commission  
283 during the preceding year.

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285 **VIII. PURPOSE**

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The purpose of this policy is to:

- A. Assign to the Communications Committee the responsibility for creation, production, and distribution of the annual report.
- B. Establish the date the annual report shall be released.
- C. Identify the mandatory content of the annual report.

**IX. DEFINITIONS**

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

**X. DEVELOPMENT**

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

- A. The Communications Committee shall be responsible for the creation, production and distribution of the annual report. The committee may delegate responsibilities to the executive director.
- B. The annual report shall be release not later than 120 days after the end of the fiscal year. The 2017 Annual Report will be considered a transition report as the reporting cycle moves from a calendar year reporting cycle to a fiscal year cycle. The result is that the 2017 Annual Report will reflect the activities of the Interstate Commission from January 1, 2017 to June 30, 2017.
- C. Content of the annual report shall be determined by the Communications Committee, which will include as a minimum:
  - 1. Reports of financial audits and any recommendations that may have been adopted by the Interstate Commission;
  - 2. A report of the budget;

- 325 3. A summary of policies, amendments to the bylaws, amendments to the  
326 rules, and advisory opinions that were issued or renewed by the Interstate  
327 Commission;  
328  
329 4. Information on licenses issued, including renewals, through the Compact;  
330  
331 5. Information on compliance actions through the Compact;  
332  
333 6. A Roster of Compact member boards and their appointed commissioners;  
334  
335 7. A summary of committee activities; and  
336  
337 8. A report from the executive director.  
338

## 339 **XI. RESPONSIBILITY**

340  
341 The executive committee shall be responsible for administering this policy and  
342 ensuring that this policy is current, compliant with all statutory requirements and  
343 case law, and consistent with other applicable standards. The executive committee  
344 may approve the publication of the annual report as presented by the  
345 Communications Committee. The executive committee may delegate administration  
346 and maintenance of this policy to the executive director.  
347

### 348 **#5 – Policy on IMLCC Reserve Funds**

349 ADOPTED: May 18, 2018

351 EFFECTIVE: July 1, 2018

353 POLICY REVIEWED: February 16, 2021

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

- 357 • None

#### 359 **I. Policy Statement**

360  
361 The Interstate Medical Licensure Compact (IMLC) Statute Section 13 establishes the  
362 Interstate Commission with financial powers, including the establishment of an annual  
363 budget. IMLC Bylaws, Article VIII, establishes the fiscal years and covers matters of  
364 IMLCC finance. The IMLCC budget intends to establish reserve funds to provide for  
365 contingency funding and large item purchase funding. These reserve funds are

366 necessary to ensure that financial resources are sufficient and available to prevent the  
367 creation of debt obligations.

368  
369 **II. PURPOSE**

370  
371 The purpose of this policy is to:

- 372
- 373 A. Define the types of reserve funds to be developed and maintained.
- 374
- 375 B. Define how the reserve fund amount(s) are to be determined.
- 376
- 377 C. Define the authorization required to use the cash fund.
- 378
- 379 D. Define how unexpended reserve funds are to be handled.

380  
381  
382 **III. DEFINITIONS**

383  
384 **Cash** – Money that is held in an account, including certificates of deposit and other  
385 secured financial instruments, owned and controlled by the IMLCC at a Federal  
386 Deposit Insurance Corporation (FDIC) member bank.

387  
388 **Reserve Fund** – An amount of cash set aside to meet future liability.

389  
390 **IV. DEVELOPMENT**

391  
392 The IMLCC can create multiple reserve funds. The creation of a reserve fund is  
393 initiated as a motion from the Budget Committee, reviewed by the Executive Committee,  
394 and requires the approval of a majority of IMLC commissioners present during a  
395 regularly scheduled IMLCC meeting. The reserve funds may be built during a single  
396 fiscal year or may be built over multiple fiscal years. These funds include:

- 397
- 398 A. General Reserve Fund – A specific amount of cash held in anticipation to meet  
399 unforeseen financial obligations or budget shortfalls. Expenditures from this  
400 fund require a motion from an IMLCC committee and requires the approval of a  
401 2/3rd majority of the IMLC commissioners present during a regularly scheduled  
402 meeting.
- 403
- 404 B. IT Reserve Fund – An amount of cash to be established as part of the budget  
405 development process of the Budget Committee. A specific IT project must be  
406 identified, such as to reserve funds to pay for the replacement or upgrade the  
407 current Data Management System, and the funds are only available to pay for

408 that identified project. There can be more than one IT Reserve Fund created  
409 and maintained. Expenditures from this fund require the approval of the  
410 Executive Committee. Funds that are not used shall revert to the IMLCC  
411 General Reserve Fund.  
412

413 C. Capital Project Reserve Fund – An amount of cash to be established as part of  
414 the budget development process of the Budget Committee. A specific project  
415 must be identified, and funds are only available to pay for that identified project.  
416 There can be more than one Capital Project Reserve Fund created and  
417 maintained. Expenditures from this fund require the approval of the Executive  
418 Committee. Funds that are not used shall revert to the IMLCC General  
419 Reserve Fund.  
420

421 D. Special Project Reserve Fund – An amount of cash to be established as part of  
422 the budget development process of the Budget Committee. A specific project  
423 must be identified, and funds are only available to pay for that identified project.  
424 There can be more than one Special Project Reserve Fund created and  
425 maintained. Expenditures from this fund require the approval of the Executive  
426 Committee. Funds that are not used shall revert to the IMLCC General  
427 Reserve Fund.  
428

## 429 **V. RESPONSIBILITY**

430  
431 The executive committee shall be responsible for administering this policy and ensuring  
432 that this policy is current, compliant with all statutory requirements and case law, and  
433 consistent with other applicable standards. The executive committee may delegate  
434 administration and maintenance of this policy to the executive director.  
435

### 436 **#6 – Policy on Records and Information Requests**

437  
438 ADOPTED: September 18, 2018

439  
440 EFFECTIVE: September 18, 2018

441  
442 POLICY REVIEWED: February 16, 2021

443  
444 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 445 • None

446

## 447 **I. POLICY STATEMENT**

448

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

451  
452 Because the IMLCC is not a federal, state, municipal or other government agency, or an  
453 incorporated private entity, it is not subject to the federal Freedom of Information Act or  
454 to any public records law of a particular state. The IMLCC is subject only to the  
455 language of the Compact and its own rules and policies.

456  
457 **II. AUTHORITY**

458  
459 Interstate Medical Licensure Compact Statute, Section 12 – Powers and Duties of the  
460 Interstate Commission, includes the following provisions, specifically in subparagraphs:

- 461  
462 (a) oversee and maintain the administration of the compact;  
463  
464 (k) establish personnel policies and programs relating to conflicts of interest,  
465 rates of compensation, and qualifications of personnel;  
466  
467 (s) maintain records in accordance with the bylaws;  
468  
469 (u) perform such functions as may be necessary or appropriate to achieve the  
470 purposes of the compact.

471  
472 This policy also in compliance with Chapter 2 (Information Practices) of the IMLCC's  
473 administrative rules and with IMLCC Policy #1 (Policy on Policies.)

474  
475 Further Interstate Medical Licensure Compact Statute, Section 11 – Interstate Medical  
476 Licensure Compact Commission, subparagraph (j) states that "The interstate  
477 commission shall make its information and official records, to the extent not otherwise  
478 designated in the compact or by its rules, available to the public for inspection."

479  
480 **III. PURPOSE**

481  
482 The IMLCC recognizes that individuals or entities may make requests for information  
483 from the IMLCC. This policy outlines what is considered IMLCC information and what is  
484 information held by the member states and, therefore, subject to the individual laws of  
485 those states. This policy also outlines the procedures that IMLCC personnel will follow  
486 after receiving requests for information from the IMLCC.

487

488 **IV. DEFINITIONS**

489

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

492

493 “IMLCC information” includes the following:

- 494 a) Lists of member states.
- 495 b) Lists of appointed commissioners to the IMLCC.
- 496 c) Lists of IMLCC employees and/or contractors.
- 497 d) Meeting agendas and minutes.
- 498 e) Meeting materials (excluding those considered confidential under terms  
499 of the Compact, IMLCC rules, or IMLCC policies.)
- 500 f) Financial reports of IMLCC revenues and expenses.
- 501 g) Reports regarding grants, gifts, loans or non-monetary contributions to  
502 the IMLCC.
- 503 h) Total numbers of physician applications to the IMLCC for Letters of  
504 Qualification.
- 505 i) Total numbers of physicians granted a Letter of Qualification.
- 506 j) Total numbers of physicians denied a Letter of Qualification.
- 507 k) Total numbers of state licenses requested by physicians with Letters of  
508 Qualification.
- 509 l) Total numbers of state physician licenses granted via the Compact.
- 510 m) Total numbers of state physician licenses renewed via the Compact.
- 511 n) Total numbers of revoked Letters of Qualification.

512

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

515

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

517

518 “State-held information” includes the following:

- 519 a) Total numbers of requests to a state for a Letter of Qualification.
- 520 b) Total numbers of physicians granted a Letter of Qualification by a state.
- 521 c) Total numbers of physicians denied a Letter of Qualification by a state.
- 522 d) Total numbers of physician licenses granted by a state to applicants  
523 using the Compact.
- 524 e) Total numbers of state physician licenses renewed by a state to  
525 physicians licensed via the Compact.

- 526 f) Total numbers of reported disciplinary actions by a state against  
527 physicians licensed via the Compact.  
528 g) Total numbers of Letters of Qualification revoked by a state.  
529 h) Total numbers of licenses granted via the Compact that have been  
530 revoked, suspended or otherwise sanctioned by a state as the result of a  
531 disciplinary adjudication.  
532 i) Individual information about a physician who has been approved,  
533 denied, licensed or disciplined by a state under terms of the Compact  
534 that is considered public record under the laws of an individual state.  
535

536 "Working days" means Monday, Tuesday, Wednesday, Thursday and Friday,  
537 excluding federal or state holidays.  
538

## 539 **V. PROCEDURES**

- 540  
541 A. All requestors of IMLCC information shall submit a request in writing to the  
542 IMLCC executive director. The written request, which also includes via email,  
543 shall include the name, address and other contact information of the  
544 requestor, as well as a detailed description of the information sought. If the  
545 IMLCC approves a form for this purpose, it shall be available on the IMLCC  
546 website.  
547  
548 B. The IMLCC executive director shall make a record of each request as it is  
549 received.  
550  
551 C. The IMLCC executive director shall determine whether the request is for  
552 IMLCC information or state/board information.  
553  
554 D. When the requestor seeks state/board information, the IMLCC executive  
555 director shall refer the requestor to the state(s)/board(s) where that  
556 information is located.  
557  
558 E. When a requestor seeks IMLCC information and has submitted the request in  
559 writing, the IMLCC executive director shall notify the requestor that the  
560 request has been received. If the information is available on the IMLCC  
561 website, the executive director shall refer the requestor to the website. If the  
562 information is not available on the website, the executive director shall notify  
563 the requestor that further communication will be forthcoming.  
564

- 565 F. For those requests that involve information not on the IMLCC website, the  
566 IMLCC executive director shall assess the nature of the request and the  
567 resources required to fulfill it.  
568
- 569 G. The IMLCC executive director shall fulfill a request for IMLCC information as  
570 soon as possible after sending the notification of receipt.  
571
- 572 H. The IMLCC executive director shall charge a fee of \$50.00/hour for  
573 information searches, with the first hour free of charge.  
574
- 575 I. For requests that the IMLCC executive director determines will require  
576 extensive time, money or other resources to fulfill, the executive director may  
577 bring the request to the IMLCC Executive Committee for consultation.  
578
- 579 J. For requests that require extensive time, money or other resources to fulfill,  
580 the IMLCC executive director shall work cooperatively with the requestor  
581 regarding when the request shall be fulfilled.  
582
- 583 K. The preferred method of providing information to requestors shall be e-mail,  
584 including attachments if needed. The IMLCC executive director also may  
585 provide information on a portable memory device supplied by the requestor or  
586 via a file transfer service approved by the IMLCC Executive Committee.  
587

## 588 VI. RESPONSIBILITY

589 The executive committee shall be responsible for administering this policy and ensuring  
590 that this policy is current, compliant with all statutory requirements and case law, and  
591 consistent with other applicable standards. The executive committee may delegate  
592 administration and maintenance of this policy to the executive director.  
593

### 594 **#7 – Policy on Changes to the IMLCC webpage or public facing media**

595 ADOPTED: November 5, 2020

596 EFFECTIVE: November 5, 2020

597 POLICY REVIEWED: March 16, 2021

598 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):  
599  
600  
601  
602  
603

604 • None

605

## 606 I. Policy Statement

607

608 The Interstate Medical Licensure Compact Commission (IMLCC) Statute, Section  
609 11, paragraph (c), creates the Interstate Commission as a body corporate and joint  
610 agency of the member states. The Interstate Commission is further charged in  
611 IMLCC Statute, Section 11, paragraph (j) to make its information and official records  
612 available to the public for inspection. Through this policy the Interstate Commission  
613 has determined that the process to provide information and make available the  
614 official records is an authority retained by the Interstate Commission not to be  
615 delegated to the IMLCC executive director or staff, unless outlined in this policy.

616

## 617 II. PURPOSE

618

619 The purpose of this policy is to:

620

621 A. Establish the process and guidelines to be used to authorize changes to the  
622 IMLCC's webpage and other public facing media; and

623

624 B. Delineate the delegated authorization to IMLCC staff.

625

626

## 627 III. DEFINITIONS

628

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

632

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

637

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

641

## 642 IV. PROCESS

643

- 644 A. All substantive information provided on the IMLCC website or other public facing  
645 media must be approved by the Communications Committee in advance.  
646
- 647 B. The Communications Committee delegates to the executive director, or staff  
648 authorized by the Executive Director, the authority to make non-substantive  
649 updates or changes to the IMLCC website or other public facing media which are  
650 administrative or technical in nature, as deemed necessary to conduct business.  
651 Examples include, but are not limited to:  
652
- 653 a. Posting minutes of Interstate Commission and its committees approved  
654 during the normal course of business;
  - 655 b. Posting notices of meeting dates and times as approved by the Interstate  
656 Commission and its committees during the normal course of business;
  - 657 c. Posting of public documents as approved by the Interstate Commission or  
658 its committees;
  - 659 d. Posting of press and information releases approved by the Interstate  
660 Commission and its committees during the normal course of business;
  - 661 e. Posting of reports and audit results approved by the Interstate  
662 Commission and its committees during the normal course of business;
  - 663 f. Posting of updates to the information regarding the level of participation by  
664 member board and legislation introduced by states or territories to join the  
665 IMLCC;
  - 666 g. Posting of support contact and fee information provided by a member  
667 boards;
  - 668 h. Posting of contact information about the IMLCC;
  - 669 i. Posting of rulemaking information as approved by the IMLCC Rules and  
670 Administrative Procedures Committee;
  - 671 j. Technical updates as they relate specifically to the IMLCC application  
672 processes; and
  - 673 k. Specific actions authorized by the Communications Committee as it  
674 deems necessary.
- 675  
676

## 677 V. RESPONSIBILITY

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679 The executive committee shall be responsible for administering this policy and  
680 ensuring that this policy is current, compliant with all statutory requirements and  
681 case law, and consistent with other applicable standards. The executive committee  
682 may delegate administration and maintenance of this policy to the executive director.  
683

## 684 **#8 – Policy on Capital Assets**

685  
686 ADOPTED: November 17, 2020  
687  
688 EFFECTIVE: November 17, 2020  
689  
690 POLICY REVIEWED: March 16, 2021

691  
692 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 693     • None

694  
695 **I. Policy Statement**

696  
697 The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph (m),  
698 states that the Interstate Commission may purchase property and other fixed assets.  
699 This policy established how the IMLCC will account for the costs related to obtaining  
700 and maintaining the fixed assets, including the process to dispose of the fixed assets.

701  
702 **II. PURPOSE**

703  
704 The purpose of this policy is to:

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

707  
708 **III. DEFINITIONS**

709  
710 ***Building*** -- Purchase or construction – 50-year life. All direct costs of construction  
711 should be included in calculating the capitalized cost of the asset. Direct costs  
712 include architect/engineering/legal fees, permits, interest incurred as a result of the  
713 building project, as well as actual construction costs. Included with this category  
714 are all permanently attached fixtures, machinery, and other components that  
715 cannot be removed without damage resulting to the building. If a component can  
716 be removed without damage, then it should be considered equipment and not  
717 included in the cost of the building. The cost of a building should not be adjusted  
718 for repairs, maintenance, or replacement of component parts that do not extend  
719 the building's original useful life or significantly enhance its net value. For example,  
720 work to maintain buildings in their existing condition, such as painting, repairs, or  
721 roof repairs should be expensed in the period in which the work is completed.

722 **Building Improvements** -- Capitalized if \$15,000 or more – 20-year life. Building  
723 improvements are significant alterations, renovations, or structural changes that  
724 meets or exceeds \$15,000 and that increase the usefulness of the asset, enhance  
725 its efficiency, or prolong its useful life. For example, the complete replacement of a  
726 roof would be capitalized if the cost exceeds the capitalization threshold  
727 (\$15,000). Building improvements may include interior or exterior construction of a  
728 building or building systems, such as communication wiring, electrical or plumbing  
729 systems. They may also include the completion of interior or exterior appointments  
730 or finishes, so long as they are done as part of a significant alteration or  
731 renovation. Material remodeling or renovation that exceeds \$15,000 in cost should  
732 be capitalized as a building improvement. Maintenance, renovations and costs  
733 below the threshold should be expensed. It is important to distinguish between an  
734 expenditure that is a repair versus an expenditure that is an improvement to extend  
735 the useful life of the asset.

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

742 **Computer Equipment - \$5,000 or greater per unit** – IT equipment that is  
743 purchased with a unit price greater than \$5,000 including but not limited to servers,  
744 telecommunications equipment, copiers, printers and multi-functional machines are  
745 capitalized.

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

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

- 753 • It retains its original shape and appearance with use.
- 754 • It is nonexpendable; that is if the article is damaged or some of its parts  
755 are lost or worn out, it is usually more feasible to repair it than to replace it  
756 within an entirely new unit.
- 757 • It represents a substantial investment of money.

- 758                   • It does not lose its identity through incorporation into a different or more  
759                   complex unit or substance.  
760                   • It must be non-expendable, tangible personal property having an  
761                   economic useful life of more than one year.

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

- 766                   • During the normal course of business, these items would be expensed  
767                   solely because they did not meet the IMLCC’s \$5,000 capitalization  
768                   threshold. This exception allows for the capitalization of an original  
769                   complement of low-cost equipment, furnishings, computer and IT  
770                   equipment, media and network equipment as part of the outfitting of a  
771                   tangible capital asset or operational unit, or an expansion, renovation, or  
772                   remodeling.  
773                   • Acquisitions eligible for this exception should be budgeted and expensed  
774                   using the appropriate accounting code (ACCT) for the capitalization  
775                   category (i.e. equipment, furnishing, computers, etc.) greater than \$5,000.  
776                   Expenditures for items that do not meet these requirements should be  
777                   expensed using the account code for non-capital (less than \$5k).

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

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

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

784                   **Fixed Asset Disposal** – IMLCC equipment cannot be thrown away or discarded.  
785                   To dispose of an asset, the Executive Director must complete the appropriate  
786                   forms to record this action. This form must be completed whenever the custody of  
787                   the fixed asset changes due to the item returned to vendor, traded, junked,  
788                   missing, stolen or determined to be surplus.  
789

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

- 791                   • The software is acquired, internally developed, or modified solely to meet  
792                   the entity’s internal needs.

- 793           • During the software’s development or modification, no substantive plan  
794           exists or is being developed to market the software externally. A  
795           substantive plan to market software externally could include the selection of  
796           a marketing channel with identified promotional, delivery, billing and support  
797           activities.

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

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

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

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

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

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

822           **Pooled Assets** – A pooled asset is defined as a group of assets (furniture,  
823           furnishings, equipment, and fixtures) that individually do not meet the capitalization  
824           threshold but are purchased in a large quantity for a specific space that will  
825           transform or upgrade the space. The pooled asset method provides for small  
826           dollar/large quantity assets to be appropriately reflected on the financial statements  
827           without imposing the unnecessary tracking of each asset individually as a practical

828 expedient. All purchases handled under the pooled asset method are to be  
829 capitalized into a pool that is given a unique name for tracking purposes. The cost  
830 should include full acquisition cost, including, where applicable, such items as  
831 design costs, outside installation costs, furniture assembly, freight charges,  
832 warehousing, and insurance. The total cost of the pooled assets must be greater  
833 than \$25,000.

834 **Remodeling** - Changing of existing facilities by rearrangement of spaces and their  
835 use.

836 **Renovation** - Rejuvenating or upgrading existing facilities by installation or  
837 replacement of materials and equipment and includes, but is not limited to, interior  
838 or exterior reconditioning of facilities and spaces, air conditioning, heating, or  
839 ventilating equipment.

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

845 **Software Capitalization** – Capitalization of costs should begin when both of the  
846 following occur:

- 847 • Preliminary project stage is completed.
- 848 • Management, with the relevant authority, implicitly or explicitly authorizes  
849 and commits to funding a computer software project and it is probable that  
850 the project will be completed and the software will be used to perform the  
851 function intended.

852 Capitalizable Software costs include:

- 853 • External direct costs of materials and services consumed in developing or  
854 obtaining internal-use computer software.
- 855 • Payroll and payroll-related costs for employees who are directly associated  
856 with and who devote time to the internal-use computer software project, to  
857 the extent of the time spent directly on the project.
- 858 • Interest costs incurred while developing internal-use software. (Interest  
859 should be capitalized in accordance with the provision of FASB Statement  
860 No. 34, Capitalization of Interest Cost.)

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- Upgrades and Enhancements: In order for upgrades and enhancements to be capitalized it must be probable that those expenditures will result in additional functionality.
  - General and administrative costs and overhead costs should not be capitalized as costs of internal-use software. These costs include data conversion and migration, as well as training.
  - Capitalization should cease no later than the point at which a computer software project is substantially complete and ready for its intended use. Computer software is ready for its intended use after all substantial testing is completed.

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

877

878 **IV. Stages of Computer Software Development**

879

880 There are three stages of computer software development:

- 881
- 882
- 883
- Preliminary Project Stage,
  - Application Development Stage, and
  - Post-Implementation/Operation Stage.

884 **Preliminary Project Stage**

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

- 889
- 890
- 891
- 892
- Conceptual formulation of alternatives
  - Evaluation of alternatives
  - Determination of existence of needed technology
  - Final selection of alternatives

893 **Application Development Stage**

894 Internal and external costs incurred to develop internal-use computer software  
895 during this stage should be capitalized. Costs to develop or obtain software for  
896 data conversion should also be capitalized. The process of data conversion from  
897 old to new systems may include purging or cleansing of existing data,  
898 reconciliation or balancing of the old data and the data in the new system, creation  
899 of new/additional data, and conversion of old data to the new system should be  
900 expensed as incurred. Examples of costs related to this stage are:

- 901 • Design of chosen path, including software configuration and software  
902 interfaces
- 903 • Coding
- 904 • Installation to hardware
- 905 • Testing, including parallel processing phases

#### 906 **Post-Implementation/Operation Stage**

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

- 909 • Training
- 910 • Data Conversion
- 911 • Application maintenance

#### 912 **V. Capitalization Thresholds and Useful Life**

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914

ASSET CATEGORY	THRESHOLD	USEFUL LIFE
Building Improvements	\$15,000	20 yrs.
Land Improvements & Infrastructure	\$20,000	15 yrs.

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

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917

**VI. RESPONSIBILITY**

918 The Treasurer shall be responsible for administering this policy and ensuring that this  
919 policy is current, compliant with all statutory requirements and case law, and consistent  
920 with other applicable standards. The Treasurer may delegate administration and  
921 maintenance of this policy to the Executive Director.  
922

923