

INTERSTATE MEDICAL LICENSURE COMPACT DRAFT

#5 – Policy on IMLCC Reserve Funds

ADOPTED: TBD

EFFECTIVE: July 1, 2018

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

- None

I. Policy Statement

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

II. PURPOSE

The purpose of this policy is to:

- A. Define the types of reserve funds to be developed and maintained.
- B. Define how the reserve fund amount(s) are to be determined.
- C. Define the authorization required to use the cash fund.
- D. Define how unexpended reserve funds are to be handled.

III. DEFINITIONS

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 a 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 commissioner 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 and may only be expended for the specific IT project that they have been designated. 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 and may only be expended for the specific Capital Project for which they have been designated. 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. There can be more than one Special Project Reserve Fund created and maintained. Expenditures from this fund require the approval of the Executive Committee and may only be expended for the specific Special Project for which they have been designated. Funds that are not used shall revert to the IMLCC General Reserve Fund.

V. RESPONSIBILITY

The 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 executive director.