

Resolution No.	24	New <input checked="" type="checkbox"/>	Substitute <input type="checkbox"/>	Amendment <input type="checkbox"/>
Submitted By:	Seventh District Dental Society			
Date Submitted:	May 13, 2026	Reference Committee <input checked="" type="checkbox"/>	Direct to House <input type="checkbox"/>	
Total Financial Implication:	\$50,000-70,000			
Amount One-time	\$50,000 - \$ 70,000	Amount On-going	\$0	

### Establishment of a Formal Internal Audit

1 **Background Statement:** An external audit provides an independent examination of an  
2 organization's financial statements based on information supplied by management. NYSDA  
3 undergoes an annual external audit conducted by an independent CPA firm, and no material  
4 concerns have been reported in recent years.

5 An internal audit provides a broader and more proactive form of assurance. Internal audits  
6 evaluate the effectiveness of internal controls, compliance, risk management, operations,  
7 information systems, human resources, governance practices, and financial controls. The scope  
8 of an internal audit is flexible and should be aligned with the organization's risk profile and  
9 strategic priorities.

10 Effective governance requires both forms of assurance:

- 11 • External audits validate the accuracy of financial statements.
- 12 • Internal audits strengthen internal controls, compliance, and risk management across  
13 operations.

#### 14 Rationale for this Action

15 NYSDA's recent financial trends—including declining liquidity, reduced deferred revenue, and  
16 increased reliance on investment gains—indicate the need for a deeper, enterprise-wide review  
17 of internal controls and risk exposure.

18 A formal internal audit would:

- 19 • Strengthen financial oversight and operational transparency
- 20 • Identify vulnerabilities in controls, processes, and systems
- 21 • Provide the Board with independent insight beyond management reporting
- 22 • Support long-term financial sustainability
- 23 • Align NYSDA with governance best practices used by comparable state Associations

24 This action is consistent with the Board's fiduciary duties of care, loyalty, and oversight.

25 Therefore, be it,

26 **24. Resolved,** that the New York State Dental Association initiate and implement a  
27 formal internal audit to strengthen internal controls, enhance risk management, and

28 provide the Board of Trustees and House of Delegates with deeper insight into the  
29 financial direction and operational risks of the organization; and be it further,

30 **Resolved**, that the results of the internal audit be reported to the House of Delegates  
31 members within 6 months from the end of this HOD meeting.