

## REPORT OF THE STANDING COMMITTEE ON FINANCE

**Background:** The Commission on Dental Accreditation (CODA) established a Standing Committee on Finance to assist the Chair in planning the Commission's annual budget. The Finance Committee's charge is to monitor, review and make recommendations to the Commission concerning the annual budget, provide administrative oversight of the administrative fund, and review and make recommendations regarding the Intercompany Memorandum of Understanding and Services Agreement.

**July 26, 2024 Finance Committee Meeting:** The Standing Committee on Finance conducted a virtual meeting on July 26, 2024. Finance Committee Members: Dr. Frank Licari (chair), Dr. Victor Badner, Dr. Ngoc Chu, Ms. Lisa Mayer, Dr. Garry Myers, Dr. Miriam Robbins, and Ms. Lonni Thompson, attended the meeting. Dr. Deborah Weisfuse was unable to attend. Commissioners: Dr. Maxine Feinberg, chair, *ex officio*, and Dr. Frank Licari, committee chair and vice-chair, Commission on Dental Accreditation (CODA) were in attendance. Financial Consultant: Mr. Chip Baldwin attended a portion of the meeting. Commission Staff: Dr. Sherin Took, senior director, CODA, and Ms. Jamie Asher Hernandez, Ms. Kathleen Navickas, and Ms. Peggy Soeldner, managers, CODA were in attendance. ADA Staff: Ms. Samara Schwartz, senior associate general counsel, ADA/CODA, Mr. Naveed Mughal, manager, Budget, Education and Professional Affairs, ADA, attended the meeting.

The Standing Committee reviewed its charge as its first order of business.

Update on 2023-2024 Budget Activity and Update on 2025 Budget: The Standing Committee on Finance reviewed the Commission's 2024 budget activity for CODA's U.S.-based program, CODA's international program, and CODA's Preliminary Accreditation Consultation Visit (PACV) program, including year-end 2023 actuals. The Committee also discussed the 2025 budget process along with a comparison of the CODA 2024 and 2025 budget for all three (3) programs within CODA. The Committee also discussed the increased costs in travel, including airfare and hotel costs, which could have an impact on the 2024 and 2025 budgets. The Committee recalled that the Commission adopted a 0% increase in the 2024 annual fee and a 2% increase in the 2025 annual fee. The Commission also directed that there be no (0) Administrative Fund fee in 2025, as is the case in 2024.

**Finance Committee Recommendation:** This report is informational in nature and no action is required.

Review of CODA Administrative Fund: The Standing Committee on Finance reviewed the CODA Administrative Fund Balance Sheet and Disbursement Tracking Sheet (**Appendix 1**). In Summer 2022, the Commission authorized disbursement up to \$20,000 to retain an expert financial analyst to study CODA's revenue and expense planning model and assist the Commission with long-term projection modeling to obtain a revenue-neutral budget, and to

conduct a comparative analysis among other accreditors related to financial models and administrative funds. The discussion of the financial analysis is noted below.

Additionally, the Standing Committee on Finance's authorized an Administrative Fund disbursement of up to \$20,000, as permitted by policy, to support an in-person meeting of the Ad Hoc Committee to consider proposed revisions to the Dental Education Standards, which met in person April 30-May 1, 2024. Additionally, it was noted that the Commission previously approved use of the Administrative Fund to support travel for two (2) speakers related to the Summer 2024 Mega Issue Discussion on Artificial Intelligence and Dental Education.

The Committee again noted that there has been no Administrative Fund fee in 2023 or 2024, and that CODA directed no fee in 2025. From Fall 2014 through March 2020 there was no monetary cap on the Administrative Fund. In Winter 2020, at the suggestion of the ADA-CODA Relationship Workgroup, the Commission converted the prior Research and Development Fund to an Administrative Fund and notified the ADA Board of Trustees. In April 2020, the ADA Board of Trustees notified the Commission that it had placed a cap of \$300,000 on CODA's Administrative Fund.

As noted at its Winter 2024 meeting, the Finance Committee again considered whether CODA should request that the ADA replenish the CODA Administrative Fund up to the \$300,000 annual cap at the end of each year, if the fund is depleted, and the Commission's operating budget demonstrates surplus revenue after its total expenses are paid. The Finance Committee noted that in 2023, its revenue after total expenses was over one (1) million dollars, and a mechanism should be established to permit the Commission to retain its revenue surplus in the Administrative Fund, to the Fund's cap, in order to support projects and initiatives from year to year. The Finance Committee concluded that the Commission should renegotiate the Shared Services Agreement to include language that surplus revenue after total expenses are paid by CODA will be used to fund the Administrative Fund to its maximum of \$300,000. The Finance Committee believed that this approach would allow the Commission to eliminate the additional Administrative Fund fee that it may impose upon programs from year to year, should the Administrative Fund be depleted due to Commission activities.

**Finance Committee Recommendation:** It is recommended that the Commission on Dental Accreditation negotiate amendments to the ADA-CODA Shared Services Agreement to stipulate that the Commission's annual operating fund surplus revenue after total expenses are paid be transferred to the Commission's Administrative Fund to its maximum of \$300,000 annually.

**Review of Intercompany Memorandum of Understanding and Services Agreement:** The Standing Committee on Finance discussed the Intercompany Memorandum of Understanding and Services Agreement, which will expire on January 1, 2025. The Finance Committee had numerous questions related to the relocation of ADA offices, CODA's need for meeting space,

the Commission's ongoing technology needs, and other potential considerations that may require the Commission to reevaluate its funding needs, staffing needs, and resource allocations.

The Committee noted that the 2022 Shared Services allocation to the Commission was \$694,471 utilizing a staff head count of 11 CODA staff. In 2023, the Shared Services allocation to the Commission was \$887,171 utilizing a staff head count of 15 CODA staff (**Appendix 2**). The Finance Committee was unsure why a change in head count resulted in a drastic impact on shared services, such that the allocation to the Commission increased by \$192,700, a nearly 25% increase. For example, Finance and Operations increased from \$99,994 (2022) to \$147,479 (2023) and yet it was unclear what additional services were covered with this cost increase or how services were impacted with an increase of four (4) additional staff in the Commission. The Finance Committee believed that the American Dental Association's Finance Department should provide additional information to CODA staff related to the increase in Shared Services expenses from 2022 to 2023.

Additionally, related to renegotiation of the Shared Services Agreement, the Finance Committee believed that the Commission should inquire and ensure that the ADA has adequately insured the Commission and its workforce members, as needed. The Finance Committee also concluded that the Shared Services Agreement should stipulate that the ADA's reserves will be accessible to the Commission in times of need, through the appropriate and timely request mechanisms established by the American Dental Association's operational protocols. Both recommendations were discussed in regard to the Financial Analysis Study, as noted below.

**Finance Committee Recommendations:** It is recommended that the Commission on Dental Accreditation direct Commission staff to obtain specific clarifying information from the ADA Finance Office regarding the Shared Services allocated to CODA in 2022 compared to 2023, including an explanation of the increased cost in relation to services provided, for consideration by the Finance Committee and Commission in Winter 2025.

It is further recommended that the Commission on Dental Accreditation negotiate amendments to the ADA-CODA Shared Services Agreement to stipulate that: 1) the ADA maintain adequate insurance for the Commission and its workforce members, and 2) the ADA's reserves be accessible to the Commission in times of need, through the appropriate and timely request mechanisms established by the American Dental Association's operational protocols.

**Timeline (Long-Term Plan) to Assume Total Expenses and Authority to Determine and Manage Annual Operating Budget:** The Finance Committee noted the Commission's Winter 2024 directive that the Commission postpone its plan to obtain sole authority to set and administer CODA's annual operating budget until completion of the CODA financial analysis study. Following review of the financial analysis study (see below), the Finance Committee noted CODA's long-standing, documented fiscal responsibility and sound finances since 2015. The Finance Committee believed that the Commission has demonstrated a proven track record of its

ability to be fiscally responsible and fiscally self-sufficient over the past nine (9) years (2015-2023). Additionally, the financial expert's analysis confirms that the Commission is in a good position related to its financial operations. Given the findings of the financial analysis, CODA will continue to manage its operating budget and administrative fund as it has done in prior years. With the addition of the proposed amendments to the Shared Services Agreement as noted in this Finance Report, the Finance Committee believed that additional operational mechanisms will be in place to ensure CODA's surplus revenue after total expenses are paid can be reassigned to support the Commission. The Finance Committee did not believe that the Commission should pursue sole authority to set and administer CODA's annual operating budget at this time, since the Commission is already operating in this manner.

**Finance Committee Recommendation:** It is recommended that the Commission on Dental Accreditation table indefinitely its plan to obtain sole authority to set and administer the Commission's annual operating budget.

**Financial and Comparative Analysis Study:** In Summer 2022, the Commission recorded the Standing Committee on Finance's authorization of Administrative Fund disbursement up to \$20,000, to engage with a financial analyst to study CODA's revenue and expense planning model and assist the Commission with long-term projection modeling to obtain a revenue-neutral budget and, further, to conduct a comparative analysis among other accreditors related to financial models and administrative funds.

Following approval of the financial analyst by the CODA Chair and Vice-Chair, the Finance Committee conducted its first meeting with the financial analyst on November 17, 2023. The Committee discussed the history of CODA's budget, the Administrative Fund, the Shared Services Agreement, and the scope of work for the financial analysis study. The Committee identified four (4) accrediting agencies to compare against the Commission, including topics such as: revenue and expense management, volunteer compensation strategies and funding mechanisms, use of administrative or reserve funds, additional funding sources, technology resources and maintenance strategies, automation processes, shared services, and staffing structures. Information was collected by CODA staff and analyzed by the financial analyst in Spring 2024, including two (2) meetings with CODA leadership and the analyst.

At this meeting, the Finance Committee considered the findings and recommendations of the Financial Analysis (**Appendix 3, Commission Only**). The Commission also engaged in a discussion with the analyst. The comparative analysis among other accrediting agencies showed that the Commission is aligned with other organizations. Additionally, the analyst determined that the Commission is in a very good position related to its finances, noting ongoing revenue surpluses have been over one (1) million dollars in recent years. The analyst did not recommend any significant changes to the Commission's financial model; however, the Commission was advised to consider any and all enhancements needed to support its operations and ensure that its upcoming and future operational budgets include the costs for these enhancements. The

Committee noted that enhancements may be related to ongoing or future initiatives to support CODA's mission and strategic plan, include technology needs and staffing needs.

Additionally, the analyst suggested that the Commission consider eliminating its Administrative Fund fee if the funding could be sourced through the Commission's operational fund revenue surplus at year end after total expenses are paid. Finally, the analysis report indicated that CODA's Administrative Fund is less than 10% of its annual operating costs. If the Commission were a stand-alone organization, the reserve should equal at least one (1) year of cash surplus and additional safe investments. Since CODA is an organization within a sponsoring association, the Commission should ensure the correct level of operational funding, including enhancements, and insurance for catastrophic or shock losses are available to the Commission.

Following consideration, the Finance Committee accepted the report on CODA's revenue and expense planning model and believed that no further action is needed by the Commission at this time, beyond the recommendations noted elsewhere in this report.

**Finance Committee Recommendation:** It is recommended that the Commission on Dental Accreditation review and approve the work of the Finance Committee related to the Commission's revenue and expense planning model, with no further action needed at this time.

Update on ADA-CODA Relationship Workgroup: The Finance Committee received an update on the June 19, 2024 meeting of the ADA-CODA Relationship Workgroup (**Appendix 4, Commission Only**).

**Finance Committee Recommendation:** This report is informational in nature and no action is required.

**Commission Actions:**

**CODA ADMINISTRATIVE FUND BALANCE SHEET**

2014-2023, Actual  
2024-2025, Projected

**Administrative Fund Flow Statement (2014-present)\***

Year	INFLOW				OUTFLOW		Net activity for the year	Ending Balance
	Opening Balance	Assessments collected *	Misc.	REF	Operational Expenses	Ref		
2014	-	37,082					37,082	37,082
2015	37,082	51,225					51,225	88,307
2016	88,306	50,540			(34,551)	1	15,989	104,295
2017	104,295	50,715					50,715	155,010
2018	155,010	50,150	500	2			50,650	205,660
2019	205,660	49,980					49,980	255,640
2020	255,640	49,700					49,700	305,340
2021	305,340	-			(15,122)	3	(15,122)	290,218
2022	290,218	35,425			(7,710)	4	27,715	317,933
2023	317,933	-					-	317,933
2024	317,933	-			(7,984)	5	(7,984)	309,949
2025	309,949	-					-	309,949

\*

	No of Programs	Assessment Fee/program	Collected amount
2014	1,483	\$ 25	\$ 37,082
2015	1,464	\$ 35	\$ 51,225
2016	1,444	\$ 35	\$ 50,540
2017	1,449	\$ 35	\$ 50,715
2018	1,433	\$ 35	\$ 50,150
2019	1,428	\$ 35	\$ 49,980
2020	1,420	\$ 35	\$ 49,700
2021	1,420	\$ -	\$ -
2022	1,417	\$ 25	\$ 35,425
2023	1,418	\$ -	\$ -
2024	1,418	\$ -	\$ -

- Ref 1 Dental Therapy Site Visitor Training
- Ref 2 CODA Director Honorarium Miklen Insitutue School of Public Health
- Ref 3 CODA Strategic Plan 2022-2026
- Ref 4 Legal consultant to assist with Ad Hoc Advanced Education Delivery Models
- Ref 5 Ad Hoc Predoctoral Standard Committee=\$7252.93 (to date); CODA Financial and Comparative Analysis=\$731.25 (to date)

**Administrative Fund Disbursement Tracking Sheet**

In 2020, the Commission on Dental Accreditation approved the reclassification of its Research and Development Fund (R&D Fund) to an Administrative Fund.

The Commission on Dental Accreditation Administrative Fund may include but is not limited to the following uses:

- Commission studies and activities related to quality assurance and strategic planning
- Conduct of business through newly formed ad hoc or sub-committees not previously budgeted; engagement of site visitors to gain unique expertise or to provide training
- Ongoing review and enhancement of business resources, human resources, and technology resources in various aspects of the CODA accreditation program
- Expenses related to Shared Services Agreement with the American Dental Association not previously budgeted
- Other business purposes as applicable to the work of the Commission on Dental Accreditation

Criteria Guideline for Distribution of Funds:

1. Funds \$5,000 or less: Funds in this category are classified as discretionary funds that may be used by the CODA Director. A maximum of \$5,000 per use is permissible, with a requirement for immediate reporting on the use of the funds, via email, to the Finance Committee for informational purposes. The discretionary funds do not require a formal request by a CODA committee, nor do they require prior approval for use by the Finance Committee or Commission.
2. Funds between \$5,001 and \$20,000: Projects which require this level of funding must be reviewed and approved by the Finance Committee prior to use. Approval by the Commission is not required.
3. Funds greater than \$20,000: Projects which require funding in excess of \$20,000 must be submitted for review and approval by the Commission upon recommendation of the Finance Committee.

All Funding Disbursements:

- The Finance Committee and Commission will review a full accounting of the Administrative Fund and uses of the fund at each finance committee and Commission meeting.
- Fund allocations requiring approval by the Finance Committee or the Commission require formal requests/proposals from the Commission's review committees or standing committees; disbursement of funds within the Director's discretionary allocation do not require formalized requests.

<b><u>Requestor</u></b>	<b><u>Description of Request</u></b>	<b><u>Amount of Request</u></b>	<b><u>Date of Request</u></b>	<b><u>Approval &amp; Disbursement Dates</u></b>	<b><u>Outcome of Request</u></b>
<b>QASP</b>	<b>Activities Related to Development of Strategic Plan for 2017-2021 (Expenses of facilitator and QASP member travel to conduct strategic planning session)</b>	<b>Up to \$25,000</b>	<b>April 2016 Mail Ballot to Finance Committee; April/May 2016 Mail Ballot to CODA</b>	<b>CODA Mail Ballot approved 5/2/16; Disbursement is ongoing to cover facilitator and QASP member travel</b>	<b>Development of CODA 2017-2021 Strategic Plan</b>
<b>CODA Directed Activity</b>	<b>Activities related to conduct of December 2016 Dental Therapy Site Visitor Training</b>	<b>Up to \$18,000</b>	<b>November 2016 Mail Ballot to Finance Committee</b>	<b>Finance Committee Mail Ballot approved 11/10/16; Disbursement will follow the December 13-14, 2016 training to cover cost of site visitor travel and food and beverage expenses for two-day workshop</b>	<b>Training of 13 dental therapy site visitors</b>
<b>CODA Directed Activity</b>	<b>Activities Related to Development of Strategic Plan for 2022-2026 (Expenses of facilitator and travel to conduct Mega Issue in Summer 2021)</b>	<b>Not specified</b>	<b>QASP Report to CODA, Summer 2020 CODA meeting</b>	<b>Summer 2020 CODA meeting, TBD disbursement as needed</b>	<b>Development of CODA 2022-2026 Strategic Plan, total cost \$15,122  (in-person events canceled due to pandemic)</b>
<b>Finance and CODA Directed</b>	<b>Expert Legal Consult related to the Ad Hoc</b>	<b>Not to exceed \$10,000</b>	<b>Finance Report to CODA,</b>	<b>Summer 2022 CODA Meeting,</b>	<b>Project completed early 2023. Total cost \$7,710.</b>

	Committee to consider the changing landscape of healthcare delivery centers that may sponsor advanced dental education programs		Summer 2022 CODA meeting	Approved up to \$10,000	
Finance and CODA Directed	Expert Financial analyst to study CODA's revenue and expense planning model and assist the Commission with long-term projection modeling to obtain a revenue-neutral budget, and to conduct a comparative analysis among other accreditors related to financial models and administrative funds	Not to exceed \$20,000	Finance Report to CODA, Summer 2022 CODA meeting	Summer 2022 CODA Meeting, Approved up to \$20,000	To occur in 2023/2024, total cost not to exceed \$20,000  To date (July 20, 2024) costs = \$731.25
Ad Hoc Professional Development and CODA Directive	Travel to Support two (2) speakers for Mega Issue Discussion on Artificial Intelligence and Dental Education	TBD	Approved by CODA Winter 2024	TBD	TBD

<b>Finance</b>	<b>Travel for in-person meeting of the Ad Hoc Committee which occurred April 30-May 1 (1/2 day on each date).</b>	<b>Not to exceed \$20,000</b>	<b>Approved by Finance Committee via Email in March/April 2024.</b>	<b>Report to CODA, Summer 2024</b>	<b>Ad Hoc Predoctoral Standard Committee</b>  <b>To date (July 20, 2024) costs = \$7,252.93</b>
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2022 Shared Services cost as per shared service agreement		
Departmental cost	Amount Allocated	% age of Total cost
Human Resources	\$ 45,733	7%
Conference Services	\$ 120,869	17%
Finance and Operations	\$ 99,994	14%
Information Technology	\$ 233,471	34%
Legal	\$ 107,624	15%
HQ Building Square Footage **	\$ 86,780	12%
<b>Total Shared Services Pool</b>	<b>\$694,471</b>	
<b>HC</b>	<b>Amount per FTE for the area</b>	
<b>SF</b>	<b>Based on a dollar per square foot occupied</b>	
**		
Square footage for 19th floor is 13,263		
CODA occupies approximately 20% which equals		
.2 x 13,263 = 2,653 SF		
19th Floor	CODA	
13263	2653	
Rate = 32.71 per sq ft		
2653 x 32.71		

**2022:** Based on 11 staff Head Count  
**2023:** Based on 15 staff Head Count

American Dental Association		
2023 Shared Services cost as per shared service agreement		
Departmental cost	Amount Allocated	% age of Total cost
Human Resources	\$ 84,335	10%
Conference Services	\$ 155,770	18%
Finance and Operations	\$ 147,479	17%
Information Technology	\$ 308,241	35%
Legal	\$ 166,146	19%
HQ Building Square Footage **	\$ 25,200	3%
<b>Total Shared Services Pool</b>	<b>\$ 887,171</b>	
<b>HC</b>	<b>Amount per FTE for the area = 15 people</b>	
<b>SF</b>	<b>Based on a dollar per square foot occupied</b>	
**		
Square footage for Lower Level is 1,680		
CODA and DTS share LL Space		
\$30 per SF		

**CODA FINANCIAL ANALYSIS COMPARATIVE STUDY – COMMISSION ONLY**

**REPORT OF THE ADA CODA RELATIONSHIP WORKGROUP – COMMISSION ONLY**