

ICANN Contractual Compliance Audit Program

17 October 2012



Three-Year Plan

Strengthen program and operations (Core Operations)

Establish performance measures and improve reporting
(Transparency and Accountability)

2011

Assessment Phase

Stabilize operations
Assess people, processes and tools
Develop improvement plan
Begin implementation of plan

2012

Transformation Phase

Grow staff in number and expertise
Standardize operations
Plan and develop

- Systems enhancements/process
- Global metrics
- Audit strategy
- Annual Compliance Report

New gTLD readiness

2013

Future Phase

Continuous Improvement

- Operations
- Plan for internal audit

Consolidate Contractual Compliance Systems

Rollout Annual Audits

New gTLD readiness (cont.)

Why Compliance Audits?

Culture of Compliance

1. Bottom-up
2. Multi-stakeholder

**FORMAL
RESOLUTION**

**INFORMAL
RESOLUTION**
Inquiries & Warnings

PREVENTATIVE ACTIVITIES
Monitoring, Audits,
Education & Outreach

SELF-Assessment
Industry Best Practice

Audits are a valuable component of any organization's compliance function because they offer the opportunity to generally:

- (1) gain insight into performance weaknesses
- (2) develop effective and efficient mechanisms to ensure compliance and remediation efforts
- (3) enhance community transparency through fact based and measurable reporting



AUDITS ????

- **Financial Audits** address questions of accounting, recording, and reporting of financial transactions.
- **Compliance Audits** seek to determine if departments are adhering to federal, state, and rules, regulations, policies, procedures and agreements.
- **Operational Audits** examine the use of department resources utilization for efficient and effective way to fulfill the department's mission and objectives.
- **Investigative Audits** are performed when appropriate. These audits focus on alleged violations of federal and state laws and policies and regulations.
- **Information Systems Audits** evaluate system input, output and processing controls, backup and recovery plans, system security and computer facility reviews.



Topics for Discussion

- Overall Audit Plan
- Audit Approach and Process
- Audit Phases
- Audit Provisions & Timeline



Overall Audit Plan

Goal: To **proactively** identify deficiencies and manage the remediation process to ensure compliance with contractual obligations.

Approach: To deploy a 3-Year audit program to all contracted parties with a **consistent process and methodology**.

- Year 1 - one third (1/3) of the Registry and Registrar agreement
- Year 2 - another one third (1/3) from the remaining list
- Year 3 - the remaining one third of all agreements (1/3) will be audited

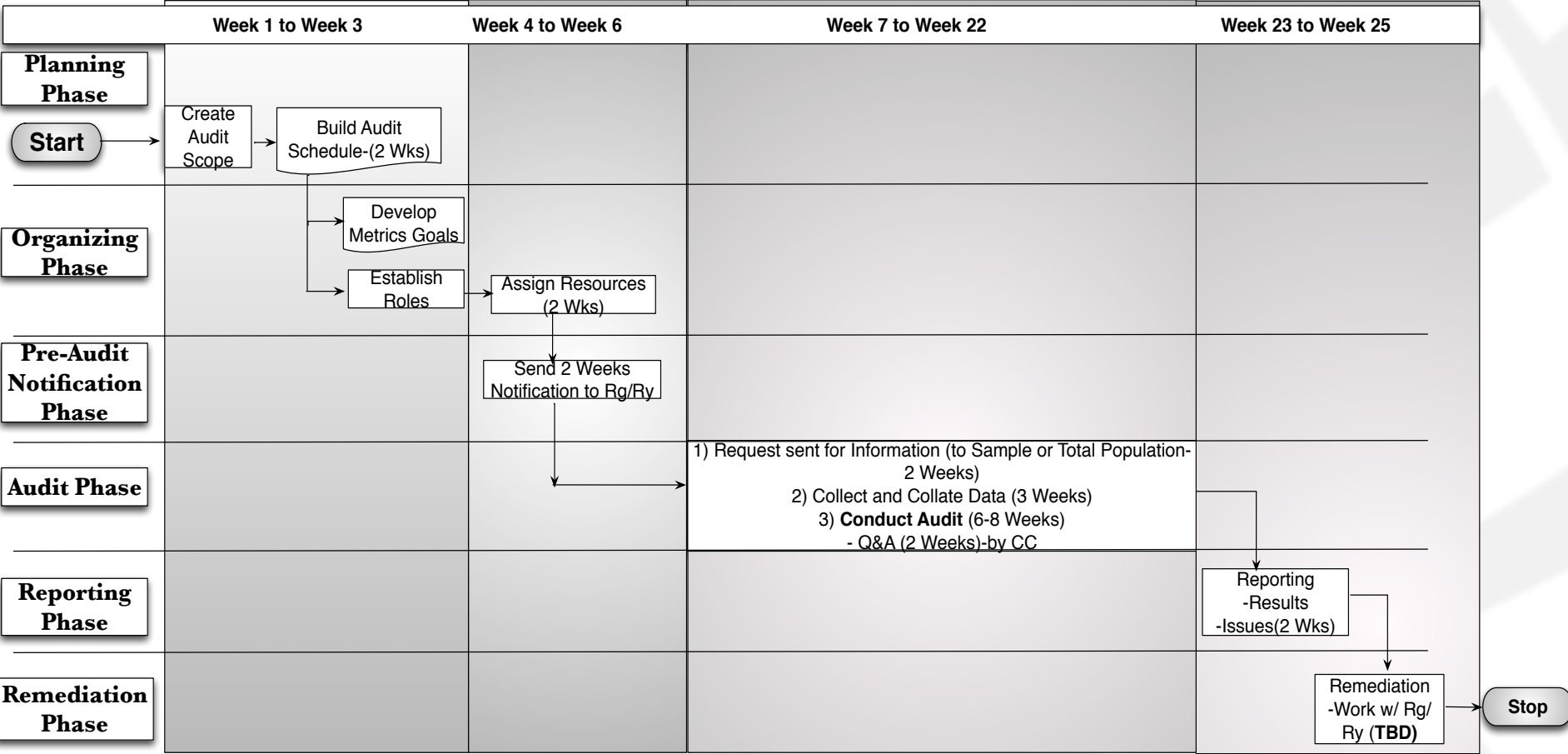
Overall Audit Plan

- Rollout in 2013
- Each Registry and Registrar agreement including Inter Registrar Transfer Policy, Restored Names Accuracy Policy and Whois Data Reminder Policy
- New gTLD Registries and other new agreements will roll into the audit plan
- Registrars and Registries may be subject to additional audit(s)
- Leverage 3rd party vendor services



Audit Approach and Process

2012-2015 Audit Process Flow



Audit Phases

Planning Phase:

- Define Scope, Purpose, Schedule, Reports

Organizing Phase:

- Establish Roles/Responsibilities, Assign Resources, Develop Metrics, Goals

Pre-Audit Notification Phase:

- Prepare and Send Notification



Audit Phases (continue)

Audit Phase

- Collect data in secure environment
- Sort collate and store information against appropriate provisions
- If issues arise, immediately request validation or cure of deficiencies prior to audit close date
- If issues remain, the issues identified will be reported in the Deficiencies Report and published online



Audit Phases (continue)

Reporting Phase:

- Validate results to be reported
- Publish reports on WWW.ICANN.ORG

Some types of reports:

- List of audited registrars and registries
- Deficiencies Report listing registrar/registry, provision, etc.
- Audit response statistics for ex. turnaround time, lack of response %, non-compliance, etc.



Audit Phases (continue)

Remediation Phase:

- Manage and support deficiency efforts
- Track and report on deficiencies
- Potential follow-up audits for completed remediation



RAA Provisions Under Consideration

Provision	RAA
2.2	Registrar's use of ICANN's trademark. (optional for a Registrar to use the Logo)
3.10	Insurance
3.12	Reseller agreement (mandatory provisions)
3.13	Registrar training
3.16	Registrar contact details on registrar's website
5.11	Update contact information in RADAR
3.12.5 and 3.15	Registrant rights and responsibilities
3.3.1 to 3.3.5	Whois- Interactive Webpage, Corresponding Data Elements
3.4.2	Retention of Registration Data
3.7.4	Reasonable assurance of payment
3.7.5.2	Domain name renewal w/out consent from registrant
3.7.5.3 to 3.7.5.6	EDDP-Domain name renewal, provision of applicable information to registrants
3.7.7	Registration agreement w/ registrants (mandatory provisions)
3.7.8	Whois data verifications
5.3.3	Provide ICANN with list of directors and officers

Registry Provisions Under Consideration

Provision	Registry
3.1.a.i	Implement temporary policies or specs to preserve security and stability/
3.1.b	Implement consensus policies
3.1.c.i	Data escrow
3.1.c.ii	Personal data
3.1.c.iii	Bulk zone file access
3.1.c.iv	Monthly Reporting
3.1.c.v	Whois
3.1.d.i	Reserved TLD strings



Three Year Audit Plan Schedule

OVERALL AUDIT PHASES	From	To	2012		2013			
			Nov.	Dec.	Jan.	Feb.	March	April
			Planning Phase	10-May-12	30-Aug-12			
- Audit Scope								
- Audit Schedule								
Organizing Phase	15-Sept-12	30-Oct-12						
- Metric Goals								
- Roles and Resources								
Pre-Audit Notification	1-Nov-12	5-Nov-12						
- Notification to All Parties								
Audit Phase	5-Nov-12	15-Mar-13						
- Request for Information								
- Audit								
- Follow up questions								
Reporting Phase	1-Apr-13	26-Apr-13						
- Reporting Audit Results								
Remediation Phase	1-May-13	5-Jun-13						
- Manage and support								
- Track and report								

Audit Program Next Steps:

- ✓ Developed Audit strategy, Process and methodology
- ✓ Developed Vendor Management Scorecard, methodology and vendor selection process
- ✓ Issued Request For Proposal (RFP) to 5 Vendors
- ✓ Completed RFP reviews and vendor presentations
- ✓ Completed Steering Committee vendor evaluation
- ✓ Obtained approval from Board Finance Committee
- ✓ Obtained approval from Board
- Vendor Final Selection and on-boarding
- Initiate Request for Information
- Onboard additional ICANN staff resource
- Execute program January 2013



Additional Resources

- Learn more about ICANN Compliance Audit Program at <http://www.icann.org/en/resources/compliance/audits>
- Please send questions to ComplianceAudit@icann.org
Subject line: ICANN45 - Audit Outreach



Thank You

