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.)
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
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

<table>
<thead>
<tr>
<th>Planning Phase</th>
<th>Organizing Phase</th>
<th>Pre-Audit Notification Phase</th>
<th>Audit Phase</th>
<th>Reporting Phase</th>
<th>Remediation Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start</strong></td>
<td><strong>Create Audit Scope</strong></td>
<td><strong>Build Audit Schedule (2 Wks)</strong></td>
<td><strong>Develop Metrics Goals</strong></td>
<td><strong>Assign Resources (2 Wks)</strong></td>
<td><strong>Send 2 Weeks Notification to Rg/Ry</strong></td>
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<td></td>
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<td></td>
<td><strong>Establish Roles</strong></td>
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### Start Flow:
- Create Audit Scope
- Build Audit Schedule (2 Wks)
- Develop Metrics Goals
- Assign Resources (2 Wks)
- Send 2 Weeks Notification to Rg/Ry
- Request sent for Information (to Sample or Total Population-2 Weeks)
- Collect and Collate Data (3 Weeks)
- Conduct Audit (6-8 Weeks)
- Q&A (2 Weeks)-by CC

### Reporting Flow:
- Reporting - Results - Issues (2 Wks)
- Remediation - Work w/ Rg/Ry (TBD)

### Stop:
- Week 1 to Week 3
- Week 4 to Week 6
- Week 7 to Week 22
- Week 23 to Week 25
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:
  o List of audited registrars and registries
  o Deficiencies Report listing registrar/registry, provision, etc.
  o 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
<table>
<thead>
<tr>
<th>Provision</th>
<th>RAA</th>
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<tbody>
<tr>
<td>2.2</td>
<td>Registrar’s use of ICANN’s trademark. (optional for a Registrar to use the Logo)</td>
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<tr>
<td>3.10</td>
<td>Insurance</td>
</tr>
<tr>
<td>3.12</td>
<td>Reseller agreement (mandatory provisions)</td>
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<tr>
<td>3.13</td>
<td>Registrar training</td>
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<tr>
<td>3.16</td>
<td>Registrar contact details on registrar’s website</td>
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<tr>
<td>5.11</td>
<td>Update contact information in RADAR</td>
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<tr>
<td>3.12.5 and 3.15</td>
<td>Registrant rights and responsibilities</td>
</tr>
<tr>
<td>3.3.1 to 3.3.5</td>
<td>Whois- Interative Webpage, Corresponding Data Elements</td>
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<tr>
<td>3.4.2</td>
<td>Retention of Registration Data</td>
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<tr>
<td>3.7.4</td>
<td>Reasonable assurance of payment</td>
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<tr>
<td>3.7.5.2</td>
<td>Domain name renewal w/out consent from registrant</td>
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<tr>
<td>3.7.5.3 to 3.7.5.6</td>
<td>EDDP-Domain name renewal, provision of applicable information to registrants</td>
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<tr>
<td>3.7.7</td>
<td>Registration agreement w/ registrants (mandatory provisions)</td>
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<tr>
<td>3.7.8</td>
<td>Whois data verifications</td>
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<tr>
<td>5.3.3</td>
<td>Provide ICANN with list of directors and officers</td>
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## Registry Provisions Under Consideration

<table>
<thead>
<tr>
<th>Provision</th>
<th>Registry</th>
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<tbody>
<tr>
<td>3.1.a.i</td>
<td>Implement temporary policies or specs to preserve security and stability/</td>
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<tr>
<td>3.1.b</td>
<td>Implement consensus policies</td>
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<tr>
<td>3.1.c.i</td>
<td>Data escrow</td>
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<tr>
<td>3.1.c.ii</td>
<td>Personal data</td>
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<tr>
<td>3.1.c.iii</td>
<td>Bulk zone file access</td>
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<tr>
<td>3.1.c.iv</td>
<td>Monthly Reporting</td>
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<tr>
<td>3.1.c.v</td>
<td>Whois</td>
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<tr>
<td>3.1.d.i</td>
<td>Reserved TLD strings</td>
</tr>
</tbody>
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# Three Year Audit Plan Schedule

<table>
<thead>
<tr>
<th>OVERALL AUDIT PHASES</th>
<th>From</th>
<th>To</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Planning Phase</td>
<td>10-May-12</td>
<td>30-Aug-12</td>
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<tr>
<td>- Audit Scope</td>
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<tr>
<td>- Audit Schedule</td>
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<tr>
<td>Organizing Phase</td>
<td>15-Sept-12</td>
<td>30-Oct-12</td>
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<tr>
<td>- Metric Goals</td>
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<tr>
<td>- Roles and Resources</td>
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<tr>
<td>Pre-Audit Notification</td>
<td>1-Nov-12</td>
<td>5-Nov-12</td>
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<tr>
<td>- Notification to All Parties</td>
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<tr>
<td>Audit Phase</td>
<td>5-Nov-12</td>
<td>15-Mar-13</td>
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<tr>
<td>- Request for Information</td>
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<td>- Audit</td>
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<td>- Follow up questions</td>
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<tr>
<td>Reporting Phase</td>
<td>1-Apr-13</td>
<td>26-Apr-13</td>
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<tr>
<td>- Reporting Audit Results</td>
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<tr>
<td>Remediation Phase</td>
<td>1-May-13</td>
<td>5-Jun-13</td>
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<tr>
<td>- Manage and support</td>
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<tr>
<td>- Track and report</td>
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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