Questions / Approach for addressing input received on Charter Question #9 / Guidance for the Implementation Phase in relation to charter question #9

Charter Question #9: What is the governance framework that should be followed to guide distribution of the proceeds? The issues addressed by a governance framework could include (but does not have to be limited to): a. What are the specific measures of success that should be reported upon? b. What are the criteria and mechanisms for measuring success and performance? c. What level of evaluation and reporting should be implemented to keep the community informed about how the funds are ultimately used?

OVERARCHING QUESTION:

As a result of the input provided during the public comment period, should the CCWG reconsider its recommendation / implementation guidance that:

Guidance for the Implementation Phase in relation to charter question #9: The response provided to this charter question should guide the development of the governance framework during the implementation phase.

If yes, why?
If no, why not?
If it is not possible to make this determination at this stage, what input, or information would be necessary to make this determination?

Comment #1 (ICANN Board)	
Suggestion from Commenter	CCWG to take note of the fact that audit requirements described in the Initial Report do not apply specifically to the disbursement of auction proceeds on a standalone basis, but apply to all ICANN's activities, including the disbursement of auction proceeds if and when it occurs. As such, the disbursement of auction proceeds needs, like all ICANN's activities, to meet the requirements that any independent financial audit evaluates. Consider if any updates are required to reflect this. CCWG to consider to also include explicitly the consideration of the risks associated with the mechanism(s) selected for evaluating grant applications and/or administering the program itself, such as the risk that decisions to allocate or not grants to applicants are challenged, or the risk that funds allocated to applicants are misused. Mitigation considerations could also feature in guidance to the implementation team.
Leadership recommendation	Check: Risk evaluation needed: "The Board would strongly suggest, as it will itself need to do, to also include explicitly the consideration of the risks associated with the mechanism(s) selected for evaluating grant applications and/or administering the program itself, such as the risk that decisions to allocate or not grants to applicants are challenged, or the risk that funds allocated to applicants are misused." Check: Include in Implementation Team Guidance: "Mitigation considerations could also feature in guidance to the implementation team."
CCWG Team discussion / agreement	

Comment #2 (ISPCP)	
Suggestion from Commenter	CCWG to consider importance of due oversight of all allocated funds and reporting mechanisms once a project ends.
Leadership recommendation	
CCWG Team discussion / agreement	

Comment #3 (BC)

Suggestion from Commenter	CCWG to consider including funding needed to ensure a highly respected external audit provider, maintaining a regularized feedback mechanism to the ICANN Community, the ICANN Board and ensure effective communication reports
Leadership recommendation	Check: Clarification needed for external auditing requirements for the newly established mechanism.
CCWG Team discussion / agreement	

Comment #4 (NCSG)	
Suggestion from Commenter	CCWG to consider encourage using best practices and standardized reporting formats utilized by other highly regarded organizations and foundations. These reports should be made publicly available.
Leadership recommendation	Check: best practice models for reporting formats to be taken from already established models
CCWG Team discussion / agreement	

Response to Charter Question #9/Guidance for the Implementation Phase in relation to charter question #9

#	Comment	Contributor	Type of change suggested by commenter / Possible action and/or question for CCWG	CCWG Response / Action Taken
Section Summary: Charter Question #9: What is the governance framework that should be followed to guide distribution of the proceeds? The issues addressed by a governance framework could include (but does not have to be limited to): a. What are the specific measures of success that should be reported upon? b. What are the criteria and mechanisms for measuring success and performance? c. What level of evaluation and reporting should be implemented to keep the community informed about how the funds are ultimately used? Guidance for the Implementation Phase in relation to charter question #9: The response provided to this charter question should guide the development of the governance framework during the implementation phase. **Overview of Comments:** The Board clarifies requirements in relation to the governance framework and suggest additional elements to explicitly include in the response to Charter Question #9. Other comments stress the importance of effective oversight, evaluation, auditing, and reporting in the creation of a governance framework.				
1.	Charter Question #9 In relation to mechanism(s) for evaluating grant applications and/or administering the program, the Board welcomes the reference made to fiduciary requirements. It may be useful to note that the audit requirements described in the initial report, which are a useful information added to the recommendations, do not apply specifically to the disbursement of auction proceeds on a standalone basis, but apply to all ICANN's activities, including the disbursement of auction proceeds if and when it occurs. As such, the disbursement of auction proceeds needs, like all ICANN's activities, to meet the requirements that any independent financial audit evaluates to ensure that: - activities are carried out in pursuit of the organization's mission; - activities are lawful;	ICANN Board	CCWG to take note of the fact that audit requirements described in the Initial Report do not apply specifically to the disbursement of auction proceeds on a standalone basis, but apply to all ICANN's activities, including the disbursement of auction proceeds if and when it occurs. As such, the disbursement of auction proceeds needs, like all ICANN's activities, to meet the requirements that any independent financial audit	Concerns **CCWG Response:** **Action Taken:** [**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.]

- activities are documented, recorded, and reported as per regulatory and bylaw requirements. The above applies also to Mechanism C, should it be considered, since the disbursement of the auction proceeds to a foundation is a "transaction" or "activity" that is, in itself, subject to the same governance requirements. The Board welcomes the inclusion of consideration for risks in the proposal, as this is an integral part of the fiduciary duties of the Board (specifically the "duty of care"). The evaluation of risks associated with applications and grants is helpful. The Board would strongly suggest, as it will itself need to do, to also include explicitly the consideration of the risks associated with the mechanism(s) selected for evaluating grant applications and/or administering the program itself, such as the risk that decisions to allocate or not grants to applicants are challenged, or the risk that funds allocated to applicants are misused. Mitigation considerations could also feature in guidance to the implementation team. See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000024.html		evaluates. Consider if any updates are required to reflect this. CCWG to consider to also include explicitly the consideration of the risks associated with the mechanism(s) selected for evaluating grant applications and/or administering the program itself, such as the risk that decisions to allocate or not grants to applicants are challenged, or the risk that funds allocated to applicants are misused. Mitigation considerations could also feature in guidance to the implementation team. ==Leadership recommendation== ==-Check: Risk evaluation needed:== "The Board would strongly suggest, as it will itself need to do, to also include explicitly the consideration of the risks associated with the mechanism(s) selected for evaluating grant applications and/or administering the program itself, such as the risk that decisions to allocate or not grants to applicants are challenged, or the risk that funds	

			allocated to applicants are misused." <mark>-Check: Include in Implementation Team Guidance:</mark> "Mitigation considerations could also feature in guidance to the implementation team."	
2.	Extreme due diligence must be undertaken with every applicant approved for funding, no matter how small the grant may be. Similarly, all funded projects must be closely audited until completion and verification of results. ICANN may wish to consider evaluation methods to be used for all funded projects thereby ensuring goals for each project were met . . . We also would stress the importance of due oversight of all allocated funds and reporting mechanisms once a project ends, no matter how small the grant may be. [staff note: text from the original comment contained between the ellipses is included elsewhere in this summary document] See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000029.html	ISPCP	CCWG to consider importance of due oversight of all allocated funds and reporting mechanisms once a project ends.	<mark>Concerns</mark> **CCWG Response:** **Action Taken:** [<mark>**COMPLETED / NOT COMPLETED**</mark>] – [Instruction of what was done.]
3.	Additionally, the BC supports requirements in allocation of the Auction Proceeds that include: . . . . . . 11. Include funding needed to ensure a highly respected external audit provider which is separate from ICANN's required audit 12. Maintain a regularized feedback mechanism to the ICANN community, the ICANN Board and ensure effective communications reports with essential and regularized reporting [staff note: text from the original comment contained between the ellipses is included elsewhere in this summary document] See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000031.html	BC	CCWG to consider including funding needed to ensure a highly respected external audit provider, maintaining a regularized feedback mechanism to the ICANN Community, the ICANN Board and ensure effective communication reports <mark>Leadership recommendation:</mark> <mark>-Check: Clarification needed for external auditing requirements for the newly established mechanism.</mark>	<mark>New Idea</mark> (Note that CCWG has discussed previously that a separate entity would be responsible for carrying out the audit, and not the ICANN Org audit firm. Maybe this should be further clarified in the report? **WG Response:** **Action Taken:** [<mark>**COMPLETED / NOT COMPLETED**</mark>] – [Instruction of what was done.]

| 4. | . . . We encourage using best practices and standardized reporting formats utilized by other highly regarded organizations and foundations. These reports should be made public and stored in a public web archive managed by ICANN org or a delegated independent agent, depending upon the structure of the Mechanism chosen to disperse the auction proceeds. This would increase the likelihood of learning from the successes and failures of grants, as well as provide an end in itself for researchers wishing to study the impact of at least $233.5 million in charitable spending related to ICANN's mission. [staff note: text from the original comment before the ellipses is included elsewhere in this summary document]

See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000034.html | NCSG | CCWG to consider encourage using best practices and standardized reporting formats utilized by other highly regarded organizations and foundations. These reports should be made publicly available.

Leadership recommendation

-Check: best practice models for reporting formats to be taken from already established models | New Idea
CCWG Response:

Action Taken:

[COMPLETED / NOT COMPLETED] – [Instruction of what was done.] |