

BUDGET PROCESS PROPOSAL

The process of building the fiscal year budget is a joint venture between ICANN Staff and Community Leaders, with established roles and responsibilities for each. It begins with breaking down the 3-5 year Strategic Objectives and Priorities into the current fiscal year's Goals and Initiatives, which are then reflected in the Framework, in order to create well-estimated, fully planned and realistically resourced Programs, Projects and Initiatives in an Operating Plan and Budget that can be tracked across all levels of the organization.

In the past we have documented several ways to show the common parts between the Strategic Plan and the Operating Plan. The budget estimates are aligned with the existing Strategic Priorities which represent the organizational commitments. In this year of transition for the FY14 exercise, we will retain the already defined Strategic Priorities and validate with the community in Toronto.

This revised budget process we are proposing will be "front loaded" for better and more effective community involvement and input at the beginning of the process, versus trying to obtain input and comment at the end of the cycle in May with little or no positive impact on the Adopted Budget. This shift requires a *change in strategic planning* on the part of staff to facilitate a more efficient and effective budget planning process, a *change to the timeline around the budget process* for community input and a *change in the process of obtaining consensus regarding the content and structure* of each of the budget documents.

With the shift to gathering the valuable input needed from the community to early on in the process, through frequent and effective interactions with the Community Leaders, the idea is to extend the Framework building process until February, in order to already have community feedback, consensus, and buy-in when the Framework is posted publicly. The public comment that would be required on this particular document will relate only to the discussions that the Community Leaders have been involved with ICANN staff in the previous months, related to what additional work the community would like to have occur in the upcoming fiscal year.

The Framework will be developed on a high level document based on multiple community discussions following the first ICANN meeting of the fiscal year OR, in a case where this first meeting is delayed later in the year, kickoff will be no later than that October. This document will include a target budget for the upcoming fiscal year, based on current year spending and forecasted upcoming year revenue, as well as proposed programs and projects that the community has built consensus on in the development process. What the staff needs is more input on defining good interactive mechanisms between ICANN community and staff to construct and produce the budget Framework

This Framework lays the groundwork for the Operating Plan and Budget, which will be built by Staff based on further refinement of the programs and projects that can be resourced within the constraints of the targeted fiscal year budget.

The development of the draft Operating Plan and Budget will be performed by ICANN staff, who will take the lead in resourcing the community/staff proposed projects and programs that came out of the community input to the Framework, as well as presenting more complete implementation plans to provide further details on those programs and projects. This information will be socialized with the Community Leaders on several occasions between the posting of the Framework and the posting of the draft Plan, in order to gain as

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much consensus as possible before the posting. We propose that this Public comment period will not be about gathering input for inclusion in the final Ops Plan but will serve as an opportunity to request clarification or comment on the process and provide ideas for improvements in upcoming year.

ROLES AND RESPONSIBILITIES DEFINED:

Role of Community Leaders:

- help establish 3-5 year priorities for ICANN within the strategic plan
- help establish goals and initiatives for current fiscal year
- help gain consensus on fiscal year programs and projects, as well as core operations
- socialize all information re: Strategic plan, Framework and draft Operating Plan and Budget to their communities throughout process for continual validation and feedback to staff

Role of Staff:

- calendar all community interactions and consultations in advance
- interface with community leaders in development of strategic plan, framework and draft operating plan and budget
- work with internal dept's to create implementation plans for proposed programs, projects and activities
- define resources required to implement proposed programs, projects and activities
- ICANN bylaws states the following: "At least forty-five (45) days prior to the commencement of each fiscal year, the President shall prepare and submit to the Board, a proposed annual budget of ICANN for the next fiscal year, which shall be posted on the Website."

Deliverables and Content of Framework vs Operating Plan and Budget

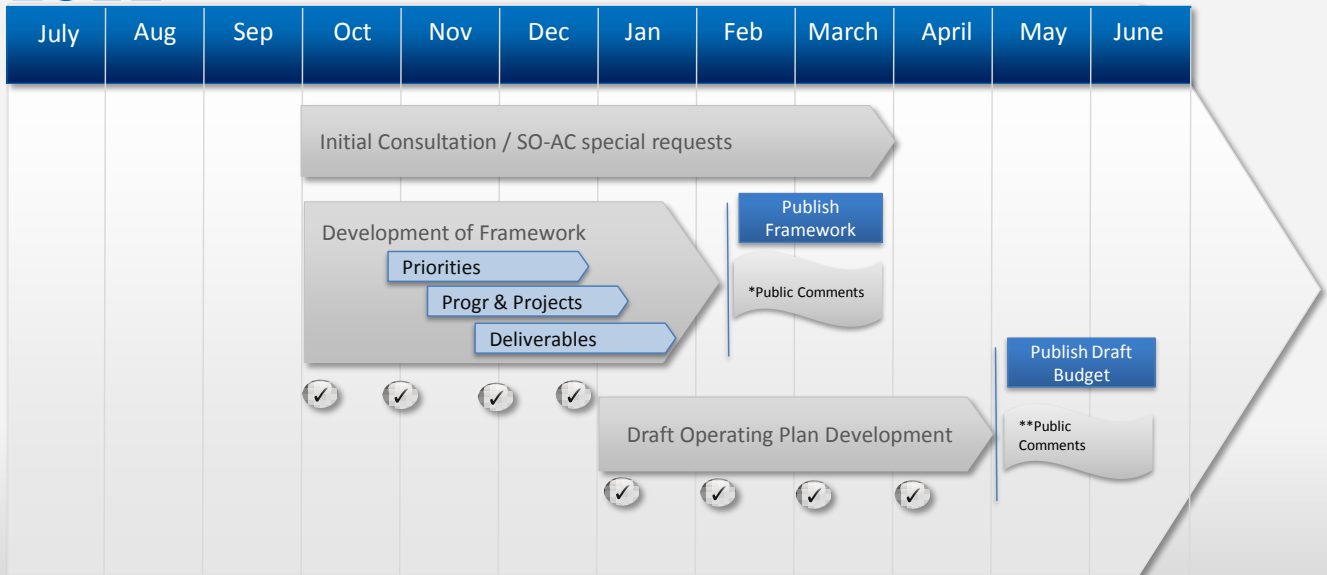
Framework	Operating Plan and Budget
Present a target budget for upcoming fiscal year, based on current year spending and forecasted upcoming year revenue	Resource the proposed programs, projects and initiatives; finalize list based on target budget constraints and community input and consensus
Present the proposed programs and projects for the upcoming year, defined by the community and staff in the consensus process	Provide more detail of core operations, programs and projects through implementation plans
Define any other initiatives needed to accomplish goals outside of the proposed programs and projects	

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TIMELINE for FY14 BUDGET

2012

2013



✓ Community interaction

* Directed Comments with focus areas to gather input

**Comment on Process, request for clarity on particular content area, or improvements only; not to be included in Adopted Plan