NCPH Intersessional meeting, January 30th 2013
FY14 Budget Process and SO AC Requests 15:00 Local time

(David):   Ladies and gentlemen, if we can take - if you could take your seats please, we'd like to start. The CFO is here and we really would like to get on to the next phase of our discussion, which is the presentation of the FY14 budget and the SO/AC budget request process.

We talked a little bit about this in our earlier session and we're now pleased to have (Aba) from the Finance Department and our CFO, Xavier, to address you.

Xavier, the floor is yours.

Xavier Calvez: Is it - yes. Hi, thank you (David). Hello everyone and welcome to our offices if you have not had a chance to come here before.

Just want to make sure I introduce (Aba) to you because -- you need to stand up -- because a lot of you who have been on the phone have heard his name and his voice before, but you may not have had a chance to put a face under the name.

Similarly (Maya) is right here. (Maya) is the Assistant of the Finance Department and has been helping a lot with the budget process and you will see her name again.

So we're going to focus this discussion on the SO and AC additional budget request process, which is the process that we had the meeting or call for - on the 17th of January and that a number of you have attended to, but a number of you haven't.

So we thought it would be useful to go over that as per (Rob)'s request. And what I suggest is that we use the same materials, the ones that we presented during that call that happened on the 17th so that we use the structure of that presentation. We go quickly over it so that we can spend time on your questions rather than a long time on presentations.

But of course, if there's something that you don't understand, interrupt me. Otherwise if you have questions about the substance of the process or things that are not necessarily addressed yet in the presentation.

What I would suggest is that we keep all the questions for the Q&A session and I will try to go reasonably quickly over the presentation.

I'm assuming that everyone remotely can hear me correctly and they will let (Rob) know if that's not the case.

Yes, I'm just looking to where it's going to be projected. So just waiting to have the presentation being projected in the room to see where is it going to show.

Yes, (unintelligible).

Man: (Unintelligible).

Xavier Calvez: Okay. So I'm going to start moving on quickly and we will provide - we have provided to those who participated to the call, we will provide to this group as well the Wiki page, the ICANN Wiki page where all the information that we're going to go over appears, as well as the tools for the purpose of this process

available as well in the Wiki, the template for requests as well as in this presentation.

(Aba), if you can make a note please that I will ask you to present a bit more in detail what's on the Wiki. Maybe just five minutes so that everyone has a more comprehensive idea of what's there because we're going to use this - the Wiki as a median to communicate on those (unintelligible) requests, and therefore I would like to make sure that everyone understands what it is and how it is structured.

So we have launched a bit over two weeks ago this SO and AC budget process. As a reminder, that's now going to be the third year that we are trying to put the process together to capture requests for funding that come directly from the ICANN organizations to address specific purposes that are not necessarily already funded under the general ICANN budget, one.

Or that are but none that (speak) to the extent that a number of organizations would like either on the continuing basis or on a specific basis.

There's no specific - we don't want to lend it to the scope of those requests that can be formulated, and therefore using this process to channel as wide a range of requests as there are in the community. Because now that we've established this process we have a little bit of a pattern and an ability to therefore funnel those requests, look at them, evaluate them and respond to them.

As we did last year and the year before, we give an indication of the size of the envelope that we expect to fund with those requests. And each year we have suggested to have an envelope of about $500,000 that covers all the requests that we're expecting to be formulated across all organizations.

As an indication, last year I think we had the total of $720,000 of requests formulated. And from memory we have granted $667,000 out of that total amount of $720,000 of requests, so about 85% or 90%.

So requests received, $720,000. Requests granted, $667,000 from memory. And maybe (Aba) will have a chance while I speak to verify what I have in mind and correct if it's not accurate.

So the amount of $500K is just indicated so that you have an idea of the type of amount that can fit across the organization. So we have had requests from $2000 to $100,000 in the past for various types of actions.

If you have a request for a $5 million subject, there's a chance that it will not fit well in the envelope and a heads-up would be much appreciated. Doesn't mean that it cannot be funded, it means that it will have to be a bit of a specific process.

And so in the process we basically have various steps. We provide a timeframe to formulate those requests, what would you like that is being funded by ICANN?

To formulate these requests we provide a template that helps providing the information necessary for us to be able to evaluate the request.

We struggled with that last year and we have provided that information. This year we want to make sure that you do have - at the same time that you're formulating the requests, that you also have the criteria that will be used to assess those requests so that you can obviously do a more specific work of formulating those requests.

So there's a timeframe to respond and we'll come back to this.

Once we will have collected the requests, we will have a panel of people in ICANN to review those requests. We will review them against the criteria that have been set. It's not a precise exercise, it's not an exact science. Those criteria are helping us a bit, taking some subjectivity out of the evaluation process, but we will never take 100% of the subjectivity out. There's always a little bit of element of judgment, so we try to formulate the responses without much rationale and objectivity as we can.

So we will have a panel that it will evaluate their requests. And then we will provide those requests - sorry, the response to all the requests in the budget document that is submitted for public comment so that the responses can be reviewed by everyone and weighed in by everyone.

So this is - we're acknowledging that last year we struggled with the formulation of the answer because we had retained an approach of grouping in a certain fashion similar requests or requests that at least appeared similar to us to find a common answer to a number of those requests.

And therefore when each organization whose request had been grouped under a common action when each of these organizations were looking at their own requests, they felt that they were not necessarily met the way they had been formulated, which is correct.

And therefore the actions that we granted and funded really represented a compromise of several requests whose scope may have been slightly different from each other, but that the action was, at least in the majority of the requests, was addressing mostly the objective. That was our intent.

Having said that, I think we've struggled in explaining that sufficiently clearly, and we had some confusion after the budget approval for some of those requests. So we're going to try to do a better job at formulating the answer to each request, whether yes or no, the rationale for it. And when it CS the other

aspect that we will try to improve on this year and that we are better on this year to do is how to implement those requests.

So when we say, "Yes, we're going to fund it," from that point on - so what happens? Who's helping? Who's going to sign the check? I actually have the answer to that, it's me. But who's going to make it happen from the point of yes, it's approved to who is going to make the reservation of the hotel? Who's going to contact the catering who's -- so Robin, Avri and I were on the phone at some point in the past month to make that happen.

But it shouldn't be me helping with that, right? It should be a group of people who are close to your needs, who understand it in detail on a daily basis what you do. And we believe we have in place this year a (unintelligible) and a team and a structure that knows best. So what you're most (closest), what your needs in structuring organizations is, so as to be able to help adequately with the implementation of those funded actions.

So that's something that we kind of - we felt that it was already an achievement last year to manage to conduct a budget process that allowed to formulate requests and to get them approved. But that's really when things start, not when they finish.

And so this year we needed to make sure we managed to support the implementation in as an effective manner as possible. And I think we've made good progress in putting in place the means to do that.

So - well I think a significant change that we've introduced this to this year's process is to create two periods in the application to provide the requests.

It stemmed from the fact that (November) you have indicated to us in the past that when the budget is being approved at the end of June, and that you have an action that you've requested funding for, that happens early in the fiscal year. So anything that happens in August and you only know that it's funded

towards the end of June, it becomes really tight and difficult to organize it effectively and cost-effectively within the three, four, five, six week's period.

So what we have introduced this year -- and we'll test that with you -- is a two-step process. If you have an action that you would like to be funded that happened in the first four months of the fiscal year, which means from between July 1 and October 31.

You can make the requests for that actions and that funding by -- from memory -- March 22 so that we evaluate those specific requests right then before Beijing that we are able to formulate an opinion on those.

Before Beijing and we have the board approve the budget for those requests that are suggested for funding in Beijing. And out of Beijing therefore basically mid-April we would know yes or no for those requests. And if you know that mid-April, then you have more time to work in implementing these actions.

May I keep your question for the end, (David)? (Steve) is in the queue.

And just so that you know, the Board Finance Committee that meets tomorrow will - I know because I have talked to them separately. They will validate this approach and they're happy with this approach so they feel comfortable that they can approve a small portion of the next year's budget in isolation so that these actions can be formulated.

Of course we want also to make sure that this early stage process does not penalize those requests that will come in the second phase that are not pertaining specifically to the first four months of the year.

So we have limited notionally, of course, the scope of those actions - of those requests for funding (unintelligible) by March 22 to a total amount of $200K

out of the $550K envelope. So that's not the entire envelope gets eaten up by those earlier requests.

So the general timing to submit a request, if that request is not a request for funding in the first four months of the year, is -- looking at the document and I forgot the deadline -- is April 19, (Aba), right?

So all the requests need to be provided to us on April 19. And then we'll, of course, go through immediately then an evaluation process with the panel that I mentioned earlier. And we will provide as part of the process a suggested answer to those requests to the Board Finance Committee with the rationale. And the suggested answer to those requests will be included in the budget presentation draft that is submitted for public comment towards the early part of May.

So that's when the answer to the requests will be shared and available to everyone and can be - then commented upon.

(Aba), you wanted to say a few words on the Wiki and how we are suggesting to use the Wiki? And then I suggest that if you can maybe keep it to - if you can maybe keep it to five to ten minutes and then we'll take questions, because I would like that to be as interactive as possible.

(Aba):   Hello, everybody. Let me look at the slide here.

Oh, I guess we can do it without the navigation. I think quickly I'm just going to address some of the point in here.

Like Xavier mentioned, the innovation this year is really for us to utilize the Wiki Workspace. And I know some of the community in here are already familiar with the tool, like the at-large that you guys already are using the Wiki Workspace.

So what we're going to do is we setup a Wiki Workspace...

Okay, back on.

Like I said before, we setup a community Wiki Workspace where all the materials that we discuss here today are already posted and they are available for you.

Those material includes the actual budget pamphlet. There is a step-by-step process guideline, and also this PowerPoint presentation. And (also) we have several community calls before the (January) one, they're all posted. And of course in the archive you will find a list that's required for the prior years as well.

Quickly to go over the process like Xavier mentioned, it's a two-step process. We introduced the notion of a Fast Track. So if you have any budget requests, we have an implementation date in the first quarter of the year. We will encourage you to submit your request as early so we can process it, review it, and make recommendation to the board so you can have an early approval by the Beijing meeting.

One of the big change this year is also that the process doesn't end once your request is approved. So we're going to continue to monitor, review and interact with you and actually help you implement your requests, all the activities that you asked for and hopefully they get granted.

And all the procurement activities also will be included in that process.

So that means for when we kickoff the process early January all the way to the end of the fiscal year and even a little bit after (unintelligible) payment due that needs to be (unintelligible).

On that list in there, the other things that we have is we got in the evaluation process. And I know we didn't talk much about that, but we're going to have a panel between the Policy Team, Global Stakeholder Engagement Team. They will review those applications and some of the criteria that they're going to use to evaluate and make decision on the actual budget requests are included in the template.

That goes from the type of the activity, how well that your activities fit into - how well your activity aligned with those strategic plan and how clear you are in formulating your budget request about deliverable measurement metrics that you may have and that you will include in that budget process.

But again, the process this year will be when we kickoff the process you will have the template (deliver) to you, you will fill the template. As usual you will send it to a dedicated email mailbox that will be - I think it's controller@icann.org.

Once we receive your request we will do a first pass of reviewing your request, make sure that it's complete. And then we will acknowledge - we will send you an acknowledgement receipt that your request has been received and is being processed.

Then your request will be posted on the Wiki page for the whole community, of course, to view your request, provide comment. And that way if there was any clarification question that we may have or any community member may have regarding your request, it'll be posted on the community workspace. And also the response regarding to those comments or questions will be posted there as well.

So we'll have a good place to have all the information and all the interaction related to your requests documented in that workspace.

So I think for now that kind of should be it and we'll open - Xavier, (for Q&A).

Xavier Calvez: Yes, so let's open for questions. Then I think Steve Metalitz had (the one) first. Steve, you want to go ahead?

Steve Metalitz: (Unintelligible) this is Steve Metalitz (unintelligible).

This is Steve Metalitz with the Intellectual Property Constituency. Thank you, Xavier and (Aba), for this presentation.

I have really two questions. One is on the Fast Track, I think you said it was limited to events that would take place during the first four months of the fiscal year. What if it were for an activity that takes place throughout the year?

So for example, if our constituency were to ask for funding for some type of secretariat support to take place throughout the fiscal year, would that be something that should be in the Fast Track or should it be in the Regular Track? That's my first question.

The second, which is separate, is most of us here have interests really in two aspects of the budget. One is the process we've just been talking about. And the other is the (unintelligible) question of ICANN's budget, an operational plan and do we have views on what should be a focus of that.

So at some point in the presentation if you could just let us know what would be the time table, when will we have - when can we expect to see the document that we'll be asked to provide comment on as far as the overall budget and operational plan? Thank you.

Xavier Calvez: So thank you, Steve. Just a second so that we coordinate providing you the answer to your question.

(David): So in the queue, (Mikey)'s next, and then Maria Farrell. Others that would like to be on the queue for questions? Thank you.

Xavier Calvez: So the answer to your first question, which is a request like secretariat support that's not specific to a period of time but applies to potentially the entire year, do we need to provide it in the Fast Track or in the Regular Track, my answer would be the Regular Track.

And we'll leave it at that so we only use an exception process for those specific requests that are happening in the point of time in the first four months of the year.

So in answer to your second question which is a more generic description of the main milestones in the budget process for the organization, I will try to address that at the end of the questions that are specific to the SO and AC process.

(David) who is next?

(David): Okay Mikey you're next, after that Maria.

Mikey O'Connor: Hi this is Mikey O'Connor. It's a relentless campaign to stick with working groups every time you talk. I'm going to mess with your charter of accounts so I know what pain I'm going to cause you with this question. But I was a controller at the University of Minnesota, a couple billion dollars a year and so I know what pain is it to mess with the charter of accounts but here's the problem I've got.

There is no place in the charter of accounts in ICANN right now to record the expenses and funding of one of the most important activities that organization does which is (unintelligible) volunteers. We're talking about working groups - - Not that. And one of my experiences has been that I find sometimes that the working groups that I'm working on and I'll pick on DSSA, the DNS Security

and Analysis Working Group, shows up as a strategic objective in the strategic plan -- that project DSSA. And I go, "Cool, there's a budget number, a big number." And DSSA is in the pile.

And so I turn to my staff support Patrick Jones and I go, "Hey we got us a budget. We got us some resources to help people do things on this project, you know, maybe bring some experts, maybe call a meeting, maybe who knows what." And the answer comes back, "No." And in fact if you want any of those kind of resources you should probably go back through the ACSO, whatever you are funding mechanism to get those resources.

And as you might imagine I'm greeted with less than enthusiasm when I come back to my constituencies and try and take resources from their pile because they have another idea as to what to do with those resources. So (David) this is primarily aimed at you again, oh dear I'm sorry about that, in pointing out that this organization needs to pay attention to how much money and resources it's devoting to that activity and that may mean that we have to tinker a little bit with the charter of accounts some time because right now it's really hard to get resources for a working group. End of rant. Sorry about that.

Man: Let me sort out - let me make sure I can sort out the elements of your question. So you took the example of the working group for a specific purpose. What I'm a little bit unclear on -- maybe it's just me not understanding -- if the working group or the object of the working group happening was part of the budget but resources was not included in the budget so would you mind...?

Mikey O'Connor: So if the working group was included in the strategic objectives for the organization and it was listed as such.

Man: So in our strategic objectives we have an activity that's listed as just strategic basically which is achieving a sort of objective through the working group. And you point is though this is established as a strategic objective there's no

funding for it in the budget of that given year so there's an inadequacy or a discrepancy between the objectives of the organization and what the organization is funding.

So I don't necessarily have a very specific direct answer to that specific working group but I think your point is in principle rather than the example. So one that we keep trying and doing which also demonstrates how complex we find it to do is being able to match or -- let me rephrase -- being able to ensure the consistency both ways between the strategic objectives of the organization and the activities of the organization.

And I think your point is another instance of the same comment that's been made and I think in several times in the past by different organizations. And I will attest to that. It has been difficult last year to manage to do this mapping which helps then ensuring consistence. There's a number of different reasons for that. I think our strategic objectives are quite broad, fine, not necessarily an issue in itself.

I think part of what we've not managed to do in the past is being able to rationalize what we do and what don't do in any given year as part of those strategic objectives. There's a very simple thing that I've encounter last year which is our strategic objectives I think most people would agree that most of the activities are earned and need to be carried out. There's not one of them that can say no we don't need to do that. By definition it's strategic, it's important.

So when it comes to sorting out whether or not every single one of these activities can be carried out in a given fiscal year, then providing that answer's challenging but it's the result of a process. We need to be able to have an established process to go from strategic to the operating budget that enables to make the right choices when choices need to be made so that we are able to say we are doing this for this reason and we're not doing that for that reason.

And I'm giving you a generic answer to your comment but we have struggled in the past in doing that. It is in my view the result of the way we formulate our strategic objectives and also the process that we have retained to do both the strategic plan and the operating plan and budget.

I think we have through history had too much separated processes. We had two processes that are too separated from each other and resulting in the difficulty to match one with the other. It's been a bit of the left brain/right brain type of thing.

And so I suspect you have heard from Fadi or others of the management system that he would like to put in place and that he effectively in place in the organization over the past two year which is a system to track projects and activities for the organization, track 100% of the projects and activities and therefore at least conceptually capture every single dollar that this organization spends on resources.

This is one of the bricks to help us build the bridge between strategic and operating. If we are able to document and the staff has put a huge number of hours in this past few weeks to doing exactly that, to document everything that we do, everything that every staff does it's documented in this system today.

So this is going to help us document what we do and therefore be able to formulate I think much better what we do, what don't do out of those strategic objectives and therefore the choices that we need to make and therefore being able to better formulate the rationale as to what is it that we do and what is it that we don't do and if we don't do it what is the plan to address it. This is combined (unintelligible) I think rethinking we're going to redo the strategic planning process so that we match it well to that portfolio activity monitor.

And I think we will come then to a very consistent way of looking at the strategic objectives and those activities that are carried out. So I'm very confident in our ability to improve that. I think I didn't get the charter of accounts subjects because to me charter of accounts is just a technical accounting subject that doesn't need more, that won't help it in my use.

Mikey O'Connor: I think the point that I was trying to get at is that there may be no bucket in which to record the activity of working groups as opposed to other activities. So if you're using activity-based accounting that's fine.

The final point that I'd like to make on this one is just as you deeply engage with the leaders of the ACs and SOs as to how their needs are met through the budget and you just spent a lot of time on that, that's what reminded me of it, recognizing that in the case of some of the larger working groups, the DSSA is a quite large one, it's got something in the order of 50 people in it and it's running quite a long time, it's got six staff assigned to it, blah, blah, blah, blah, you may want to consider engaging the chairs of the working groups in the budget process because there are choices that working group chairs can help you make when making those decisions about resource allocation.

For example I'm a little heavy staff in DSSA right now. Six is more than I really need. But I'm a little light on other things like methodologies. And so to the extent that a conversation could take place between the leaders of those projects, because essentially that's what a working group chair or co-chairs are, they're project leaders, that would be very helpful because we can help inform some of those budget decisions.

Man: So I would normally expect that through different channels, one being the leaders of the organization that you as a stakeholder belong to or through the staff who helps with this specific working group, the information about the need for resources for a working group that is going to work for the next 12 months of the fiscal year that information should normally manage to reach

inside the budget process and therefore be funded. What you're telling me is it's not happening.

So my presumption is obviously wrong and we need to be able to investigate as to why that's not happening because I would expect that if there's a working group with a schedule then -- you mentioned Patrick Jones -- Patrick should be able to say there's a working group, there's this many people working on it, they're going to travel, they're going to need consulting help and I'm going to put that in the budget and that's what we review then internally. But that doesn't seem to have happened.

Mikey O'Connor: That happened. The difficulty comes when Patrick and I -- we're very good friends -- but I asked Patrick what's our budget, the answer is well there is no specific budget for this activity. I came back to him and said if there was budget I would like to redirect some of the resources away from certain things and towards others and again so there's a whole kind of -- Because if I go up my chain I got the ISPs which is one of the constituencies and this really doesn't have anything to do with them. I'm the GNSO co-chair of that cross ACSO and I'm effectively the chair of it and so it rolls up through all five of the ACSOs. It's a different (unintelligible).

Man: I think I understand now better the subject. What I suggest is that I will try to investigate a little bit with Patrick the example that you've taken as an example of probably a pattern and try to see how we can not only look at stakeholder organizations through the SO and AC project, the departments like security to budget but also kind of try and relate as well the working groups to ensure that each working group is captured the way it should through either of those two processes. So we've made a note of that. Thank you. Sorry to everyone else for taking a long time on this.

(David): Maria Farrell is next and then Chris Chaplow.

Maria Farrell: Hi thank you, a really basic question. In the event that for example NTSG is successful in presenting projects that receive support, how does this happen? Do you write a check and give us money, what happens? And then secondly also what kind of accounting do we need to provide post hoc?

Man: Sorry what type of...?

Maria Farrell: So what kind of financial reporting after that project happens?

Man: Okay so how it will be implemented will depend on the type of action but my presumption would be that generally speaking instead of writing of a check, if I take a live example the NCUC meeting that happened in Toronto was a request was granted and funded. From that point on how do we make it happen? So we're reverting that to the comment I was making earlier on our struggle in the last year to ensure adequate implementation once the decision has been made.

                   So that was a meeting so then we worked with the meetings team, the staff meetings team, to say NCUC wants to do a meeting, this is what the requirements of that meeting is, help implement it. So (Nancy Lucano) went to see the hotels in Toronto and said we have this need for rooms for that amount of time for that many people, catering, so basically they take on this action and make it happen.

                   So from a funding standpoint (Nancy) has gone around to various vendors, the hotels, the catering company, the video company and has obtained quotes and comes back to me and says well this is going to cost this much money, the request was for that amount of money, not far from each other, fine and we're going to move on with that and we implement it. And it becomes a cost of ICANN. It's in our budget, it was approved so it's in our budget so we spend the money. We pay the vendors direct. So that's how a request is implemented.

The action is the national request requested by a specific organization for a specific purpose. It's approved, we take it down, we make it happen, we pay for it directly.

Maria Farrell: Yes that's very helpful in terms of when we ask for something that can be accommodated in basic activities ICANN is already doing and I'm trying to think of examples but let's just say we ask for something that involves a third party vendor and it's not somebody you would have dealt with otherwise so I don't know, are we asking for training, are we asking for, gosh a piece of CRM software or something or something that basically involves somebody somewhere having to write a check (unintelligible) but real money not them in accounting moving things from one column to another. How does that work?

Man: So I think - we have a number of examples and Tony and Chris can speak to the complexity sometimes to enable the actual transfer of money happening on (unintelligible) so there's not a standard answer to your question because it depends a bit on each action and each case.

So let me take another example Chris has been working with us on the BC newsletter and what we have tried to work on together is what does it entail and this -- by the way this is an activity that before being funded by ICANN this past year was funded directly by the BC before -- so happening I would say- Chris on his own dealing with it and the BC paying for it.

So what we have been doing is we've been working together with Chris in our communications department who has ability to go track vendors to work on content, who have printers that they work with and we work with Chris and say okay can we our we ICANN going to take care of the content and they're you're going to take care of the printing and if you take care of the printing how do we pay you?

So the bottom line is that in this case that ideal in my view is that we need to think about a better model but we've taken care directly of some costs as we

indicated before and Chris took care of other costs and reimbursed him. We basically issued a check after the fact on the basis of invoices sort of like an expense report and paid Chris back.

So having said that what you're hearing from me is it's a bit of one-time solution at each case. We were just having with Tony before this session a discussion on the complexity of each case being special and requiring a more structured process to be able to make it happen. This is something that we're going to be working on because we need to find a channel and a process to be able to handle that on a recurring basis and with less uncertainty and timing issues for you guys so that you don't have to advance the money and then go through a painful process of reimbursement in sum whereas if that is the process we need to retain then I think it's clear there's a contact person, there's a process, there's a timing that's associated to it and that's to be expected.

So there's much more to do and I discussed that with Tony earlier that we're going to need to do on trying to find a more comprehensive and permanent solution. Right now it's still going to be depending a bit on what is the request about, what is the action and how do we make it happen and depending upon who makes it happen, how then are the funds allocated to it.

So if we contract the vendor it's an easy process; we pay for it. If you need to contract the vendor and we cannot do it for some reason then we're going to have to find a process either to issue a payment on the basis of the information that you provide or have a process of reimbursement which I recognize is not idea especially if the amounts are larger then we need to find basically a solution for. So not always important but we're going to try to be better at it on a case-by-case basis for now and I'm working on a different, more comprehensive solution in the future.

(David):   Thank you Chris Chaplow is next then Robin you're after that.

Chris Chaplow: I got my question so we've got some time to talk about the overall comment on the overall ICANN budget. (Unintelligible) Robin?

Robin Gross: Thank you. Yes I'd like to ask a question about the evaluation process and in particular the evaluation panel. I think you mentioned some panels would be put together to go through the requests and grade them or rank them. I'm wondering who specifically will be on these panels? Thanks.

Man: So our plan is that there will be a finance representative, either me or someone else from finance. There will be a policy department representative, probably more than one so that it will be a combination of (David), (Rob) and possibly other people from the policy department who have a good knowledge of the various organizations and of the specific one that makes the request.

We are going to bring in also a member of the stakeholder and engagement group led by (Sally Custardton) because I think there's a lot of strong logic in that group being involved and understanding what the needs are from the organizations and how they're met or not participating in that discussion. At this stage that's the groups that we're expecting to participate in this.

We're going to try to make it a bit more structured and formal than it has been last year. Last year we used a lot of (David)'s help to do that. We also used an external consultant who knows well ICANN who we asked to review all the requests but I'm considering an independent opinion with a rationale so that was very helpful to us as well because it's sort of removed perspective on everybody's requests. So we probably will also do that but as a parallel additional process to the panel so that's our intent.

Robin Gross: Great thank you very much. If I could just make one other comment actually and that has to do with the concept of parity between the different constituencies and stakeholder groups and I would just request that those making the decisions realize the need for parity and equality amongst the

different groups because otherwise I think it could turn into sort of a race of everybody trying to apply for everything that everyone else has got and then it could just sort of escalate up but it's a sort of set fixed amount or something like that that each group would have access to and one way or another I think it would be much fairer. Thank you.

Man: And just a quick comment on that. I think we are very sensitive to parity or I would put it also differently fairness. Having said that it's actually pretty difficult to do. One reason is that the way I'm looking at it this process that we're talking about, the SO and AC additional budget request process, is really dealing with the tip of the iceberg. But the support that the organization gets is the potion of that tip and the portion of the bottom of the iceberg that's under the water that's already there as well. What I mean by that is it's difficult to look at to address fairness only by looking at the tip of the iceberg.

Having said that I think what we're going to need to develop over the next few months and years is a better way to sustain and measure the level of support that the organization has.

And equality is also not necessarily fairness, right. What I mean by that is $20,000 for every organization is not necessarily fair to every organization because the native structures of some organizations may be completely different and you can't address one organization with 20K in the same fashion or extent that you can address another organization with 20K. So fairness is not - in my view, based on what we've seen - equality either.

So I'm just pointing out to the complexity of the process. We are - I think we're struggling to address fairness and trying to make sure that what is granted to an organization is - relatively speaking - fair to the other organizations. But one thing that we see a lot is - and we've gone through a lot of those subjects in the past with (David Skeemez) - there's a request from this organization.

If we grant it to this organization, how does that look to every other organization on the ICANN community? Why not us? And I'm sure that's what you have in mind as well and everybody has that perspective. The funny thing is that the opinion on fairness actually varies by every organization and depends on the subject. So it's a complex exercise.

We just need to find ways to address it. One of the ways that we've tried to implement to partially address it is criteria for the evaluation of the requests to try to remove a bit of the subjectivity and try to establish some of that. We have also - and you may have seen that - granted requests sometimes to organizations that had not made those requests like the leadership travel funding for ICANN meetings. I think out of the six organizations that got it, four had made the request and two didn't.

But in fairness, we're not going to grant the travel funding of the leadership to ICANN meetings only to those that made the request. We're also going to do it for - so it's a complex exercise. But I really assure you we have it in mind. Implementing it and making it happen is quite complex. And honestly any ideas like the one that you've made is a given. It's certainly ones that we're welcoming to be able to be better at it.

Man: Thank you. On the list I have next Kathy Kleinman then Tony and Marilyn and Alan.

Man: And we're going to have to cap it to then after those...

((Crosstalk))

Man: Kathy Kleinman is not here. So we'll go to Tony Holmes. Tony?

Tony Holmes: Yes. I'd like to go back to the issue that (Maria) made because I think this is an issue that we're all going to struggle with and now I've got an end to end process for the budget built and I think most of us are really appreciative of

the way that's improved. Certainly your efforts (Arial) are very well appreciated by our community. But now we've gone through that process.

The issue of actually getting to the budget that's agreed is causing some difficulties. And what I'd really like to do is ask both you and David how we can engage to resolve that. I don't think there are any easy answers although I do believe there's ideally a role for ICANN here if you can help with the banking capability. And I don't know how that's being explored - what thought's being given to it.

But time is ticking by and it would be very helpful if you could give us some indication how we could engage to help you resolve that or whether it's something that we would wait for you to come back to us with at the Beijing meeting. I don't think we can leave it longer than that.

Man: Understood.

Man: There are I think a number of similar different issues that have arisen back office that I've been aware of since I'm here that relate to this subject that you generally describe which is implementation of actions. But I think we've talked with Chris and Marilyn about invoicing fees - membership fees invoicing - about bank accounts. And organizations that are not here also have that similar type o issues.

And so putting all of those together, there's an obvious need for what I would call back office infrastructure that we need to be able to see how we can address it. So the very simple situation is that ICANN is a legal entity. It's here. It's a California legal entity and this is where we operate from.

The stakeholder organizations are not legally part of this organization. Some or most of them do not have a legal existence from a legal entity standpoint and therefore cannot mess with the bank accounts, cannot - don't have a -

I'm trying to find the correct word in English but it comes to me in French - the legal substance or life that allows to transact basically.

So what we need to work on - so it's something that I have not yet managed to spend a lot of time on but it is now becoming a bit more clear to me what are the issues and that there may be some solution that could arise and address invoicing, bank accounts and implementation issues all at once. I don't want to sell something that I don't know if it's going to work.

But I am thinking about possibly a specific legal entity that we could create that whose purpose would be to provide administrative services to the ICANN organizations that if they are a member of that legal entity - of a not for profit legal entity - we may be able to give a legal substance to - and those legal shape - to the infrastructure - to the entity that provides that support.

So what I'm hoping is that there would be a way to create a legal entity whose purpose is to issue invoicing for on behalf of its members to all bank accounts on behalf of its members and possibly to operate a certain amount of expenses and pay a certain amount of expenses as its core business.

I think the issue that we have today is this infrastructure doesn't exist. I know that there are businesses that do provide that type of back office service in other markets or other worlds. So that's one thing that I want to be able to investigate to see if there's a way for us to do something like that. And I don't know yet if it's possible but I'm hoping that it could be the potential solution. And if it's not that, it's going to have to be something else.

But there is a similar need across a number of organizations relative to collecting member fees to issue payments. And most of the solutions currently in place are just getting around that problem in a probably not very efficiency way today. So some of the registrars - we kind of do some accounting and payments for them from ICANN. It doesn't work well. So

Chris and I have discussed the bank account that DC has but it doesn't address everything either.

So the bottom line is a lot of different organizations have similar needs and I'm going to work on being able to find a solution that addresses - that addresses those needs across all the organizations if we can.

Man: Thank you.

Tony Holmes: Sorry. Follow-up if I may. Could I request and I think we're all probably aligned with this that Beijing - we could have some updates on where we stand with that. It really is a difficult one.

Man: And to complete the answer to your question, I think we being able to make progress on that will require that I can spend a bit of time with each of you to understand effectively what are the specific needs that you have. What are the specific issues that you have? Because I've seen a pattern with the few issues that I've come across but I'm sure I've not come across everything. And if we want to put in place a structural permanent solution, I need to have a comprehensive understanding what those needs are.

And with everything we have on our plates, I'll tell you it's not simple and easy and we're lacking resources. But I will make a point to make progress on it.

Man: Marilyn Cade then Alan and if Kathy Kleinman is here, she's next after Marilyn.

Marilyn Cade: Thank you.

I'll make a comment that's related to the one that Tony made. And just say that what you're looking into as a legal entity, I think my own view - based on the extensive research and work that Chris and I have done over three years

- we've had a solution and the provider resigned with very little notice and shipped us the materials. And we had to set a bank account up in a relatively quick - it was one of those things that happens when a provider decides to resign.

But the solution at the time was that party provided back office services and had - acted as an agent of record to associations and other groups. So they had the experience, background skills to do the very thing you're talking about. There are law firms who sometimes do that for companies as well. Setting up a legal entity and then expecting to associate the constituencies by the stakeholder groups who are not legal entities, should be able to join a legal entity may, you know, actually bring another barrier.

So perhaps it might be possible to think about a short term solution while the more detailed legal areas are explored. I think we would have to ask, you know, our charters for instance are all different and give different levels of authority to the constituency. And I think we would have to ask our members do we have the legal right to bind either the officers or the - this is a problem we have to solve and we're living with it. But if you're going to set up a not for profit organization, I would also have to ask what's the legal authority of the constituency to join as opposed to why would I have to join? Why couldn't that organization just provide services?

But the short term solution may be more important for all of us.

Man: Understood. Thank you.

                Alan and then Kathy Kleinman. We'll have to close it there. Alan.

Alan Greenberg: Quick question. Is the leadership travel budget included in the $700,000 or not for this current fiscal year? For this coming year?

Man: You have $700,000 available for additional request for 2014. You're negotiating already...

Alan Greenberg: No, no. I'm not negotiating. If it includes the leadership travel then do we have to put in a request for leadership travel?

Man: Right.

Alan Greenberg: And if the answer is yes, it's included then we are not talking about a lot of money and we are wasting our time.

Man: So we are submitting a proposal to the board finance committee that the leadership travel funding which is currently happening this fiscal year as a result of our request that was formulated by the member organizations and we granted to the six components of the GNSO contracted. So that's happening this year.

                We are suggesting to the BFC - to the Board Finance Committee - that this is not part of (unintelligible) requests in the future but it's part of the base structure.

                Yes, so we're funding it as a result of a request this current fiscal year. And for the next fiscal year that we're going to budget for now, we're requesting that it's part of the base structure. So you don't have to make the request for it.

                And just the scope of requests can be much wider than that and this request out of the amount of requests from last year is I would not say a minor amount but it is just a portion.

Man: Okay. Kathy Kleinman.

Kathy Kleinman: Kathy Kleinman. I apologize for leaving. I got a notice that there's a tornado watch going through Northern Virginia. So if anybody's in Northern Virginia needs to put kids in the basement like I do.

But I think my question may have been asked but if not, it had to do with parody and openness in a level playing field between constituencies and stakeholder groups. If this has already been answered, I'll check in with everyone. But that's what the question was.

Man: I would repeat it if it would have been a very short answer but I think it was a reasonably long answer. So that exact question was asked by Robin and we did answer it when you were not there. Sorry.

So (Steve) and Alan had a question on the budget process - the general budget process. And so if I can take - and I think Chris had really pressed his question to be able to have that one addressed as well. So I'll try to be short.

So we had presented the budget process as - the generic budget process for ICANN - not specific on an AOC budget request but the generic budget process at a different time. And I will go quickly over the highlights of it.

So as opposed to past years where we had two steps - a framework and a final draft budget process - where we were formulating high level directions and projects and lists during the framework and then refining the details of that during the final draft. As opposed to doing that this year, we're going to replace the framework phase with a different process having the same purpose which is laying out the basic activities - projects and activities - that the organization expects to carry out in the coming fiscal year.

It was a bit of a manual process last year with our framework or the years before. This year we're going to use this management system that I referred to earlier where we have - as an organization - documented all the projects in all the activities that we carry out. We're going to use this tool to ask the

departments to formulate the activities and projects that they expect to carry out in 2014 and basically be able to document the rationale of the resources requested as part of the budget with how they map to those projects and activities.

So in the past years we were drafting a list of projects and activities at a reasonably high level and submit that for comment. What we are using this year is we're going to use this system called Add Task in which we have documented projects and activities and provide a certain view of that system or the conflict of that system.

So to be a bit more specific, as of probably yesterday - it changes a bit every day - we had 580 something projects and activities in that task in the system that we mentioned. What we are working on with our project management office whose managing this process is the level of granularity of the information that's currently in that task that we can use for the budget process to share with the community so that we have an understanding of what are those projects and activities that are carried out that help have a better understanding of what's in the budget versus what's not in the budget at a granular level.

So 500 maybe just is a lot of data, right. So we need to be able - so that's the project level. There's a higher level of aggregation which is the program that has - I think we have 150 or 200 programs which aggregates those project identities.

For programs we have a description. We have a starting date and an ending date. We have a measurement of resources. We have metrics associated with each program that allow it to monitor it. That information is where we're trying to extract from the Add Task system to be able to share it as part of the budget process so that you can have a documented detailed comprehensive information about these activities and tasks and projects that are the subject of the budget this year.

So we're working a little bit on a short timeline. We have documented all fiscal year 13 in the system and that was done by the 21st of January. We are now - we are launching the effort from the departments to add to what they've put for 13 - fiscal year 13 - the fiscal year 14 project. So we're doing a number of things. Let's say it depends on the department with an average of 50% of what's being done right now will also continue to be done next year but then there will be also new things.

So we're asking the departments to formulate what those new things are. So what we're expecting to do is share the content of Add Task that will display both what we are currently doing and what we're expecting to do next year, seeing an aggregation of projects and activities with your tributes that I mentioned earlier.

And I would expect - so what we're trying to do is provide that in the next basically few weeks so that we give you guys sufficient time to work through that amount of information which is real and relatively granular. So it's going to be an experience for all of us to deal with, right. So we're trying to find a way to make it really manageable but it's going to be - I'm concerned that it's going to be a bit of overwhelming amount of data at the beginning. But I also know that this is at the end of the day what we want.

So we need to provide sufficient time for you guys to be able to review it. And when we will have received the input from the departments that basically say for all that list of projects and activities done by department carries next year. This is the amount of resources that I'm asking for - personnel, consulting, travel - and just try to type this cost - mapped bi-projects which we've never had before. If you all - I know - remember, we've never had that information before. So we are working on being able to produce that information.

So once we have gathered that input, validated it with management then we will add to what we will have already provided which is the list without emails then we'll add emails. And that's what we've laid out in the slide here.

I think what we're going to try to do is resend it to the leadership of the organization - the link to the Wiki so that we allow everyone to be able to review that information. I commented on what's laid out there.

Man: I'm not clear on what the target date is for that. I see that the final budget will be published on 5-13 but you're talking about an earlier phase here and I'm not quite clear what that is.

Man: Right. So what we are aiming at doing is - where is that? Right here, no? No, I'm talking about...

Man: Here's the date.

Man: Yes, the community. When do we provide the view of 2013?

Man: (Unintelligible).

Man: Yes. So we need to revise slightly the dates but it's basically this community review of programs and projects that we are talking about. What I think we need to do is give a longer period of time than what's here because I think we're going to give the information a bit later than we originally intended to.

So I think we're also going to give a bit more details that we originally intended to. So that's the timeframe that we have there - 15 days. I think we're going to have to extend that a bit so that you have more time to look at it. And that will bring us to - also closer to Beijing where we will therefore organize a little bit of a live feedback on these lists of projects and activities.

Man: Thank you.

Man: Okay. That I think exhausts our time with the CEO on budget. And we have to move on because the board members are coming in. So please join me in thanking (Dabia) for his explanation and his time.

(Dabia):   Thank you for the time.

Man: With that we're going to do a slight change. We're going to wait and at 5:00 the board chairman will be in and some members of the board. On your schedule you'll see a 30 minute wrap-up session. I'm going to do it in one 25 seconds. We'll have (Rob) provide - please provide to (Rob) any inputs on what went right, what went wrong, what would you like, would you not like to see. And we'll coordinate the feedback mechanism with you and through (Rob). So you'll be able to tell us your thoughts on how the two days were organized and how it all went.

                That'll help solve that problem and we'll now move to the discussion with the board chairman and other board members. So thank you.

                                        END