Contractual Compliance

General Update
&
Audit Program Update

10 April 2013

ICANN

Agenda

➢ Update on Compliance Initiatives

➢ Update on Audit Program
+ Phases of the Audit

+ Future State of Audit(s)

➢ Q&A

Consolidated Complaint System Update

Improved User Experience

http://www.icann.org/en/resources/compliance/complaints

- ✓ Moved complaint submission from Internic.net to ICANN.ORG
- ✓ Whois Inaccuracy rolled out 25 March 2013
- ✓ User Friendly & Easier Navigation
- ✓ Added site navigation based on complaint types
- ✓ Frequently Asked Questions and Guidance will be in 6 UN languages
- ✓ Filing a complaint in English
- ✓ Improved email correspondence to the complaint reporter and the Registrar/Registry
- ✓ Added a follow-up Continuous Improvement Pulse Survey for the reporter and contracted parties

Consolidated Complaint System Update

Rollout Plan for Consolidated Compliance System

By ICANN 47 - July 2013

- Move remaining complaint forms from Internic to ICANN.ORG
- Complete migration into consolidated complaint application
- Add capability to submit multiple complaints for same complaint type
- Finalize & implement Bulk Complaint into new system

By ICANN 48 – Nov 2013

- Prioritize & Define new Registry complaint technical specifications
- Improve metric reporting application
- Migrate compliance functions into ICANN Enterprise CRM

Contractual Compliance Reports Update

Improved Transparency

Compliance Reporting:

- ✓ Publish Annual Report found at:
  http://www.icann.org/en/resources/compliance/reports
- ✓ Publish Monthly Updates found at:
  http://www.icann.org/en/resources/compliance/reports
- ✓ Reporting in 6 UN languages

Compliance Global Metrics:

- ✓ Online Access to Compliance Metrics on MyICANN found at:
  https://www.myicann.org/

Organization Update

- **Contractual Compliance reports to CEO**

- **15 Staff members strong**
    - Head of Compliance (1)
    - Registrar and Registry Compliance (13)
        - ➢ Prevention & Enforcement
        - ➢ Operations
        - ➢ Performance Measurement and Reporting
    - Risk and Audit Management (1)

- Arabic, English, French, Hindi, Korean, Mandarin, Spanish and Urdu
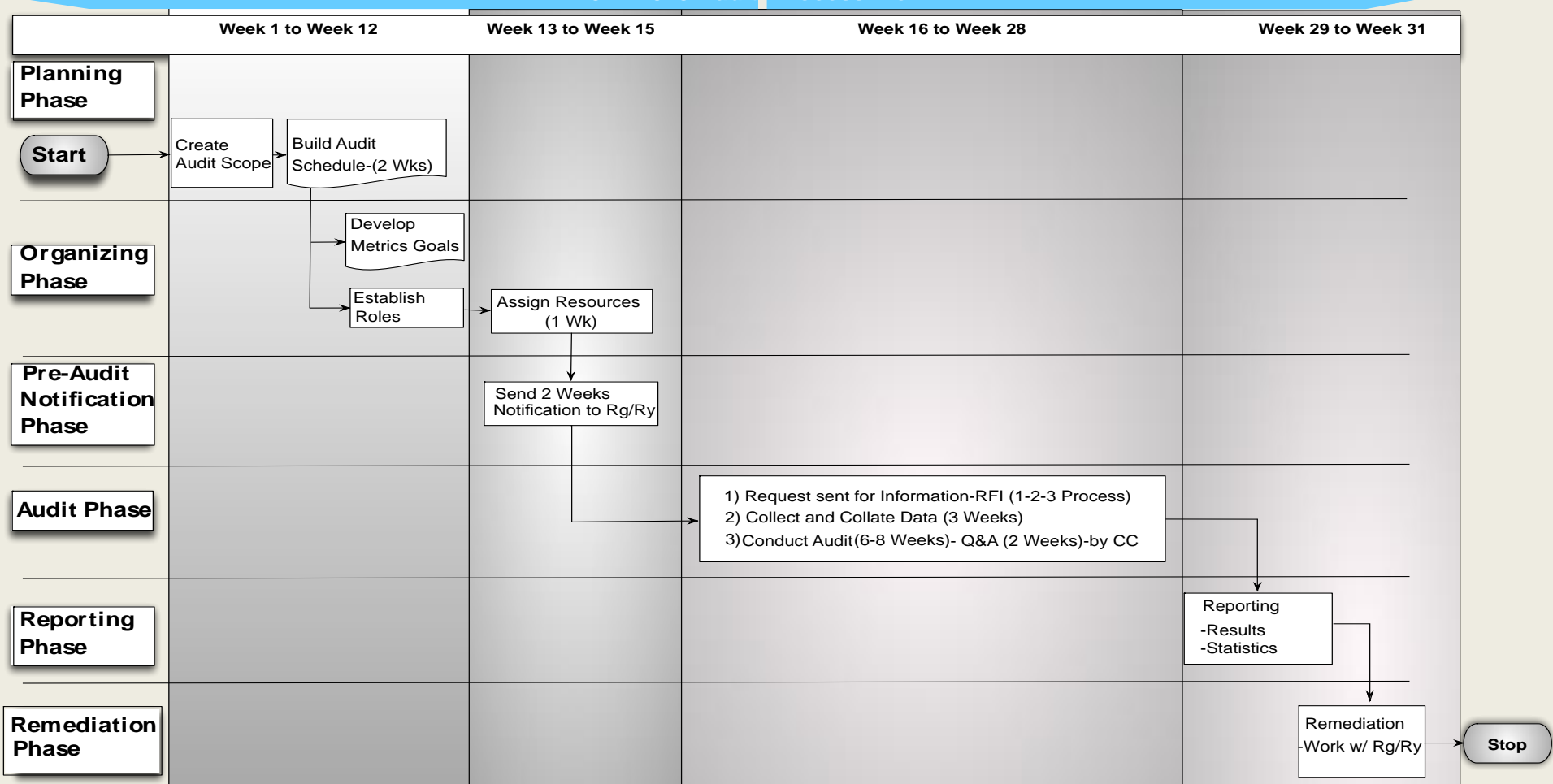
Link to Contractual Compliance Staff -
http://www.icann.org/en/resources/compliance/staff

Agenda

➢ Update on Compliance Initiatives

➢ Update on Audit Program
  + Phases of the Audit
  + Future State of Audit(s)

➢ Q&A

Overview of Phases

2012-2015 Audit Process Flow

|	Week 1 to Week 12	Week 13 to Week 15	Week 16 to Week 28	Week 29 to Week 31
Planning Phase	Start → Create Audit Scope → Build Audit Schedule-(2 Wks)			
Organizing Phase	Develop Metrics Goals / Establish Roles	Assign Resources (1 Wk)		
Pre-Audit Notification Phase		Send 2 Weeks Notification to Rg/Ry		
Audit Phase			1) Request sent for Information-RFI (1-2-3 Process) 2) Collect and Collate Data (3 Weeks) 3)Conduct Audit(6-8 Weeks)- Q&A (2 Weeks)-by CC	
Reporting Phase				Reporting -Results -Statistics
Remediation Phase				Remediation -Work w/ Rg/Ry → Stop

*Planning:
13 Aug. 2012 to 30 Aug. 2012
*Organizing:
30 Aug. 2012 to 30 Oct. 2012

*Organizing (resources):
5 Nov. 2012 to 9 Nov. 2012
*Pre-Audit Notice:
12 Nov. 2012 to 23 Nov. 2012

*RFI: 26 Nov. 2012 to 4 Jan. 2012
*Audit (includes collection): 7 Jan. 2013 to 29 Mar. 2013
*Questions/Answers:1 April 2013 to 12 April 2013

*Report Results:
Approximately 15 April 2013 to 19 April 2013
Remediation Efforts: 22 April 2013 to TBD (to be determined)
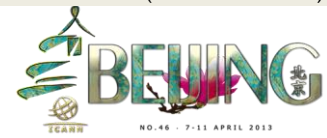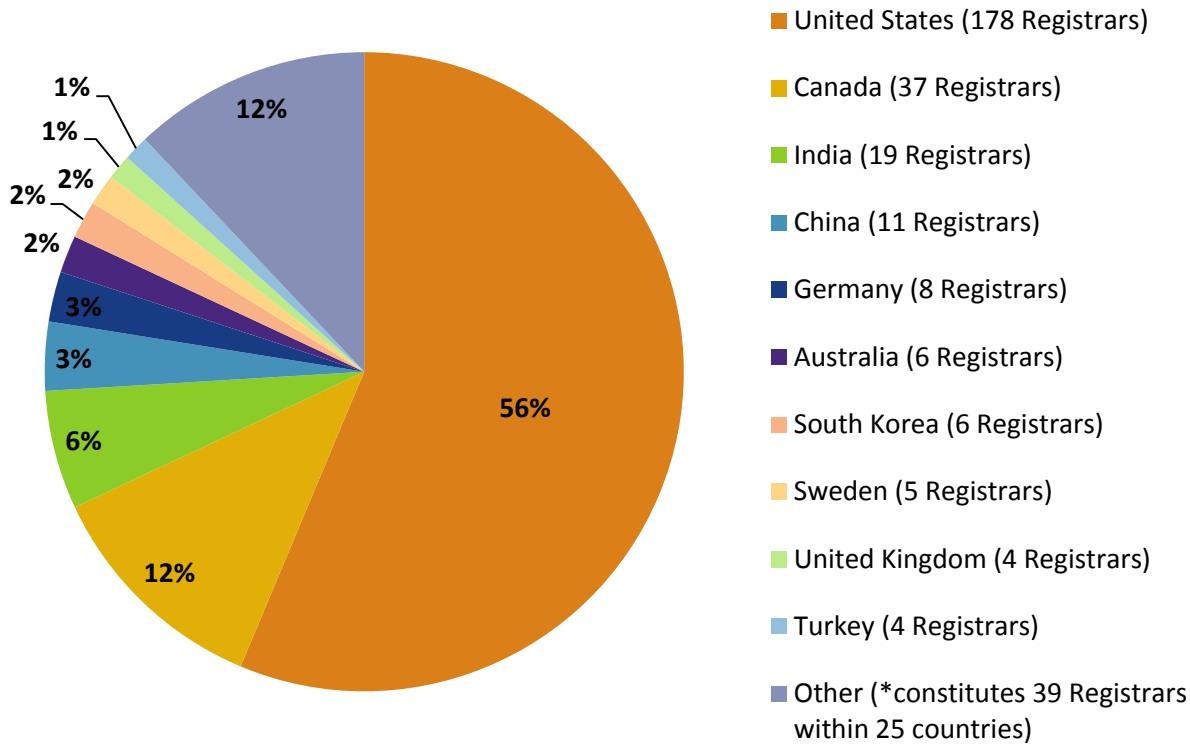
Audit Communications to Date

+ Pre-Audit Notice emailed on 13 November 2012

+ 1st (Nov. 26), 2nd (Dec. 17) and 3rd (Dec. 28) notices both emailed and faxed to 317 Registrars, 6 Registries

+ 1) Reminder sent to 317 Registrars and 6 Registries on 4 December, 2012
  2) Reminder sent on 20 March to Batch 1&2 Registrars

+ Frequently Asked Questions (FAQ) sent to all Registrars on 10 December 2012

+ Newsletter Updates

+ Registrar Audit Report:
  + Batches 1&2 – issued 8 Mar (97 total)
  + Batch 3 – issued 22-26 Mar (62 total)
  + Batch 4 (final) – issued 29 Mar (28 total)

+ Registry Audit Report:
  + Batch 1 - issued 22 Mar (2 total)
  + Batch 2 - issued 26 Mar (2 total)
  + Batch 3 – issued 29 Mar (1 total)

Countries Represented (Year 1)

Registries: 4 US TLDs, 1 Asia, 1 UK
Registrars:

Audit Year 1 – Top 10 Selected Registrar Countries

- United States (178 Registrars)
- Canada (37 Registrars)
- India (19 Registrars)
- China (11 Registrars)
- Germany (8 Registrars)
- Australia (6 Registrars)
- South Korea (6 Registrars)
- Sweden (5 Registrars)
- United Kingdom (4 Registrars)
- Turkey (4 Registrars)
- Other (*constitutes 39 Registrars within 25 countries)

	Language	# of Rg
1	Mandarin Chinese	12
2	Cantonese	1
3	Korean	6
4	French	6
5	German	6
6	Spanish	5
7	Swedish	5
8	Dutch	4
9	Turkish	4
10	Italian	3
11	Ukrainian	2
12	Hungarian	2
13	Polish	2
14	Russian	2
15	Japanese	2
16	Danish	2
17	Arabic	2
18	Hebrew	1
19	Portuguese	1
20	Vietnamese	1
21	Norwegian	1
Total Registrars		**70**

*Total count on countries covered- 35 Countries

RFI Phase - Breach Letters
(11 Jan 2013 - 31 Mar 2013)

IANA	Registrar	Cure Date
282	Central Registrar, Inc. DBA Domainmonger.com (last login: 1/14)	Termination Status
439	USA Webhost, Inc.	15 January 2013
475	R. Lee Chambers Company LLC d/b/a DomainsToBeSeen.com (insufficient data)	Termination Status
1039	Cheapies.com Inc. (insufficient data)	1 February 2013
1155	Power Brand Center Corp. (Owe $17K- breach extended to 2/8)	29 January 2013
1405	Internet NAYANA Inc.	17 January 2013
1421	Lime Labs LLC (to be de-accredited/terminated)	Termination Status
1428	Homestead Limited dba Namevault.com	1 February 2013
1509	Korea Electronic Certification Authority, Inc. (Crosscert, Inc.)	17 January 2013
1586	Mat Bao Trading & Service Company Limited d/b/a Mat Bao	15 January 2013

Audit Phase - Statistics (Year 1)

Top Test Areas with Most Deficiencies (Batch 1 & 2)

Legend:
- Mar 8, 2013 % Registrars w/ Potential Deficiencies
- Mar 27, 2013 % Registrars w/ Potential Deficiencies

Test Area	Mar 8, 2013	Mar 27, 2013
3.16 Registrar public contact details not found on Registrar website	59.8%	9.3%
3.3.1 to 3.3.5 Whois free public search not found on website or redirects	37.1%	0.0%
4.3.1 Inter-Registrar Transfer Policy (IRTP) : No FOA or Authinfo Code doc was provided	23.7%	7.2%
4.3.1 IRTP: TEAC: Phone # discrepancies between RFI and RADAR	20.6%	2.1%
3.4.2 Registration Agreement not provided	18.6%	6.2%
3.4.2 Payment documentation not provided	18.6%	10.3%
3.10 : Insurance Certificate of Insurance not provided	18.6%	7.2%
3.3.1 to 3.3.5 Whois-Port43/Web: Registrar Identity not returned in Whois query search results	14.4%	4.1%
4.3.1 IRTP: TEAC: Email discrepancies between RFI and RADAR	14.4%	3.1%
4.3.1 IRTP: TEAC: Mailing address discrepancies between RFI and RADAR	12.4%	0.0%

Audit Phase - Statistics (Year 1)

Top Test Areas with No Deficiencies – Batch 1 & 2

1. 3.7.5.3 to 3.7.5.6   EDDP-Domain name renewal: <u>Domain is referenced in payment documentation</u> and documentation of deletion notification

2. 3.12   Reseller agreement fully addresses provisions 3.12.1, 3.12.2, 3.12.3, and 3.12.5

3. 4.3.1   Consensus Policies – Inter-Registrar Transfer Policy (IRTP): Authinfo code documentation reference the <u>domain name</u>

4. 4.3.1   Consensus Policies - IRTP: Transfer Emergency Action Contact (TEAC) : <u>Contact information populated in RADAR</u>

Reporting Phase (Year 1)

"Public" Reports to be published by June 2013

+ List of Registrars/Registries

+ Statistics Reports (see Remediation section):

   + RFI Phase Completion %, Audit Phase Completion %

   + % Registrars with Deficiency (per provision)

   + Breach Notice

"Non-Public" Reports

+ Audit Report results to every registrar and registry at Audit Phase completion

Reporting Phase (Year 1)

Batch 1 & 2 (97 Registrars)

- ■ % Registrars with No Deficiencies
- ■ % Registrars with 1 to 3 Deficiency Areas
- ■ % Registrars with 4 to 6 Deficiency Areas
- ■ % Registrars with 7 to 9 Deficiency Areas
- ■ % Registrars with 10+ Deficiency Areas

4.1%
3.1%
7.2%
6.2%
79.4%
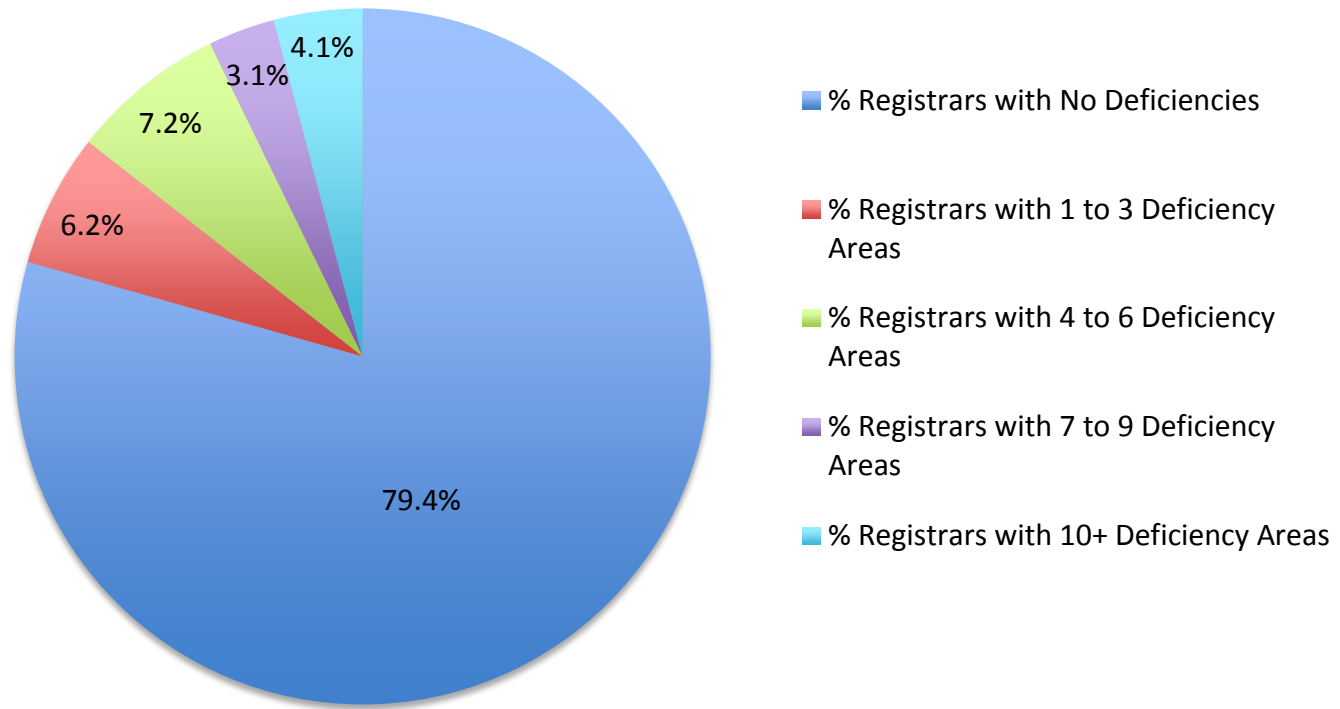
As of 27 March 2013

Remediation Phase (Year 1)

Status Types:

+ In remediation

+ Complete with no deficiencies

+ Have not responded

  + Escalated to Enforcement

Agenda

> Update on Compliance Initiatives

> Update on Audit Program
  + Phases of the Audit
  + Future State of Audit(s)

> Q&A

Year 2 - Audit Plan Scope and Dates

+ Random Sample of <u>remaining</u> Registrars/Registries

+ New gTLD Registries with 6 months of historical information

+ Same timeline as Year 1

    + Planning & Organizing Phase - mid August - November 2013;

    + Pre-Audit Notice: mid November 2013

+ Same process as the Year 1 follow Compliance 1-2-3 process

+ Please refer to the link for further details: ICANN.ORG/Resources/Compliance/Audit

Year 2 - Audit Plan Scope

Provision	RAA
3.10	Insurance
3.12	Reseller agreement (mandatory provisions)
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

Year 2 - Audit Plan Scope, Cont.

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

Internal Audit of CC Operations - Targeted Timeline

2013

| May | Jun | Jul | Aug | Sep | Oct |

7/8/13
Collate and Review Data

7/26/13
Conduct Audit Review of Data

5/6/13
Build Control Matrix

5/27/13
Assess Risks

6/17/13
Address Risks

7/1/13
Request Full Population of K4 Data

7/15/13
Conduct Sampling of Population

7/20/13
Submit Samples to Ops for Evidence

9/8/13
Report Audit Results
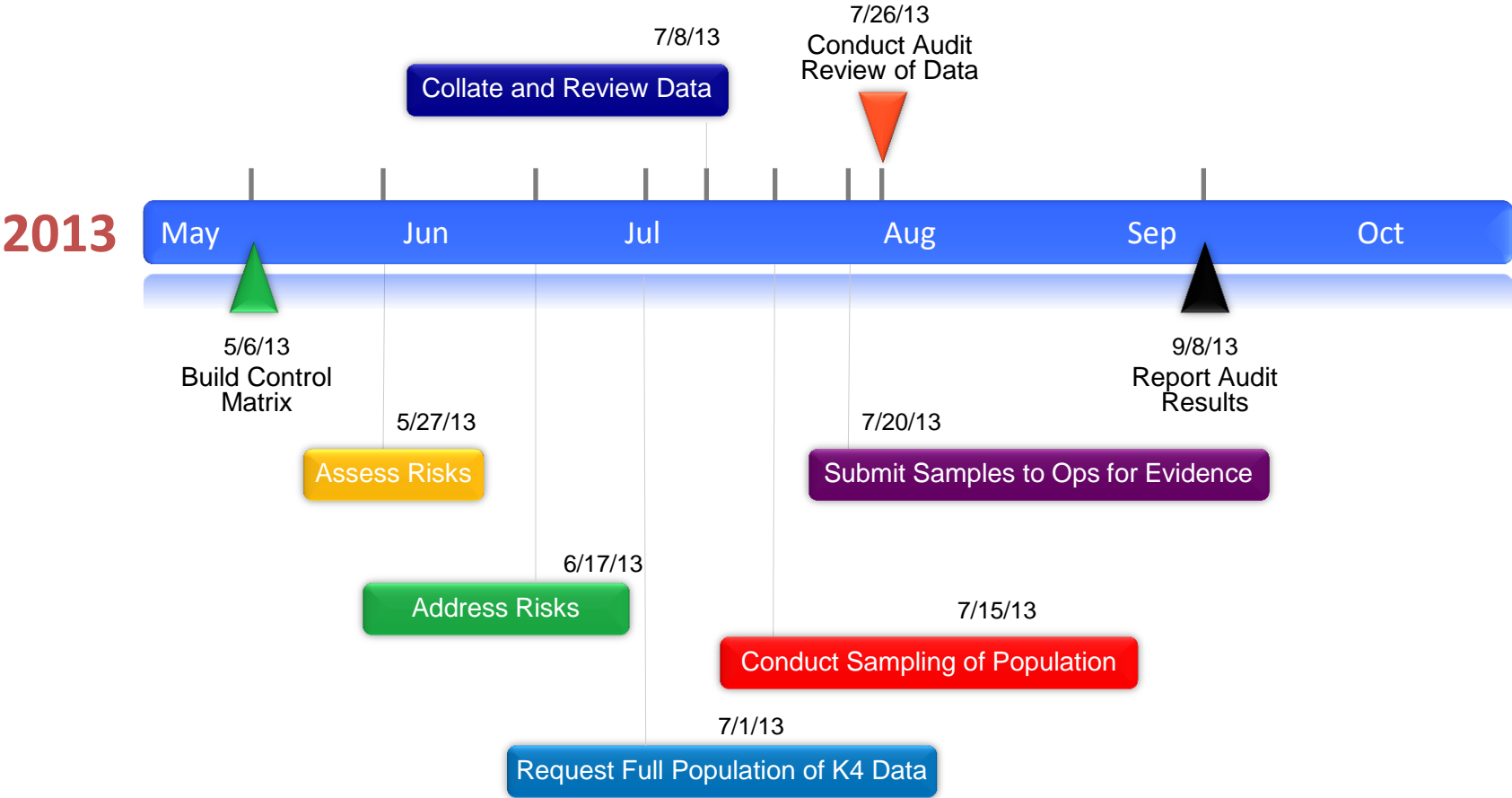
Internal Audit of Contractual Compliance Operations will be conducted by internal Risk & Audit manager.

External Audit of CC Operations

Activities:
- RFP Released to Vendors
- Deadline for Vendor RFPs
- Proposal Delivery Deadline
- Evaluate Vendors, Vendor Presentations
- Conduct Selection of Vendor Finalists
- Select Vendor for Ops Audit

April:
Report Audit Results

2013   2014

January:
Anticipated Audit Start Date

March:
Anticipated Audit Completion Date

April – June:
Remediation Efforts

External Audit of Contractual Compliance Operations will be conducted by a 3rd party vendor

Thank You & Questions?

Please send general questions to Compliance@icann.org
Subject line: **ICANN46 Contractual Compliance General Update**

Please send Audit questions to ComplianceAudit@icann.org
Subject line: **ICANN46 Contractual Compliance Audit Update**

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Appendix

Complaints per Domain Volume
October 2012 – February 2013

Europe

22.7M	1,354	.006%
155	90	58.1%

N. America

99.4M	4,820	.005%
721	237	32.9%

Asia/A/P

22.3M	3,467	.016%
152	96	63.2%

Latin America

1.2M	314	.025%
23	13	56.5%

Africa

3,743	0	0%
6	0	0%

LEGEND

December 2012 Domain Volume/Million	# Complaints	% Complaints per Domain Volume
# registrars per region	# registrar w/ Complaints	% registrars with complaints per region

Note: "# registrars per region" data may contain some obsolete registrars but is retained for reporting history

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Complaint Types and Phases

October 2012 – February 2013
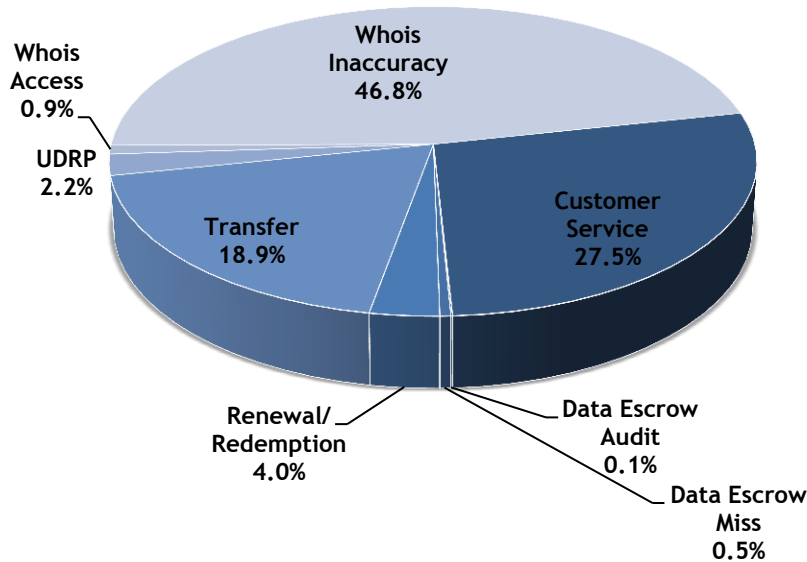
12,744 Complaints
27 Enforcement Actions

Oct 2012 – Feb 2013	All Complaints Received by Type	Quantity
Prevention Phase	Customer Service	3,503
	Data Escrow Audit	9
	Data Escrow Miss	63
	Transfer	398
	UDRP	2,412
	Renewal/Redemption	280
	Whois Access	116
	Whois Inaccuracy	5,963
	Total Complaints	12,744
Enforcement Phase	Breach	19
	Suspension	0
	Terminated/Non-Renewal	8

Contractual Compliance Global Metrics

% of Registrars with Complaints

- 32.9 % North America
- 58.1 % Europe
- 63.2 % Asia / Australia / Pacific
- 0.0 % Africa
- 56.5 % Latin America / Caribbean
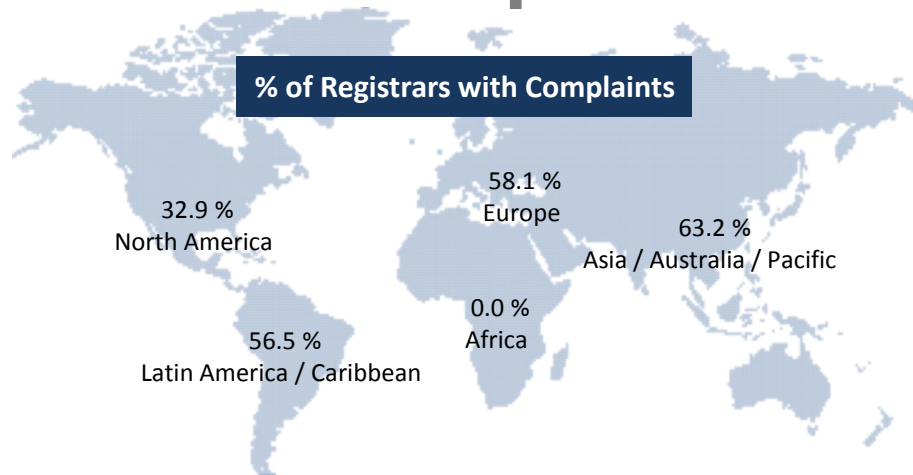
Registrar List

Registry List

Global Domain Count & Trending

Global Complaint Counts by TLD

Complaint Count October 2012 ... February 2013

Prevention:	12,744
Enforcement:	27

Complaints per Notification Cycle - February 2013

	Value
Volume Received All	5,043
Volume Received Curr Month	2,423
Volume Closed Before 1st Notice	1,663
Volume 1st Notice	1,002
Volume 2nd Notice	264
Volume 3rd Notice	97
Volume Closed	3,368

Enforcement October 2012 ... February 2013

	Value
Breach	19
Non-Renewal	0
Suspended	0
Terminated	8
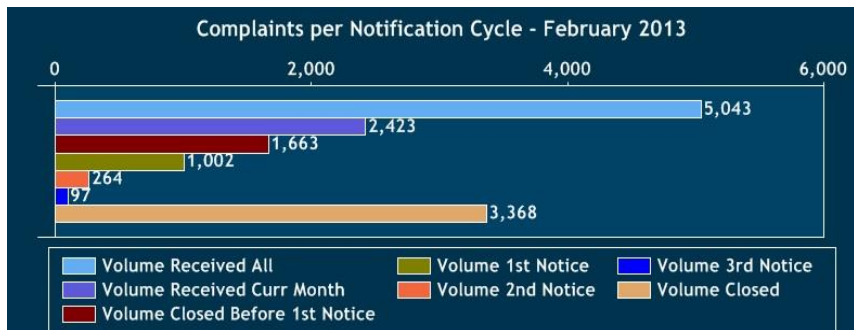
- Contractual Compliance Metrics hosted at MyIcann: https://www.myicann.org/
- An explanation with the drill down details can be found at: http://www.icann.org/en/resources/compliance/outreach

ICANN Contractual Compliance
New Complaint Navigation, FAQ & Whois Inaccuracy Form

- Moved complaint submittal from Internic to ICANN.ORG

- Reorganized Complaint Navigation

- Improved Frequently Asked Question (FAQ) content

- Add Take Action column to search data or submit complaint

- Expands for remaining compliance complaints

Overall Audit Plan

- Rollout in 2013
- Each Registry and Registrar agreement
- Random selection over a three-year period
  - Year one: 1/3rd of Registry and Registrar Agreements
  - Year two: another 1/3rd from the remaining list
  - Year three: the remaining 1/3rd of all contracted parties
- New agreements may be included, at any time
- May be subject to more than one audit
- Three outreach sessions held in September 2012 with contracted parties

Languages Represented (Year 1)

- Documents provided in over 22 languages, expanding across 35 different countries.
- English was the primary language in which documents were provided.
- Required translation services from ICANNs Audit Program partner.

Language	# of Rg
1 Mandarin Chinese	12
2 Cantonese	1
3 Korean	6
4 French	6
5 German	6
6 Spanish	5
7 Swedish	5
8 Dutch	4
9 Turkish	4
10 Italian	3
11 Ukrainian	2
12 Hungarian	2
13 Polish	2
14 Russian	2
15 Japanese	2
16 Danish	2
17 Arabic	2
18 Hebrew	1
19 Portuguese	1
20 Vietnamese	1
21 Norwegian	1
Total Registrars	**70**

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RFI Phase – Lessons Learned Summary (Year 1)

What can be improved:

+ Provide document examples or samples on RFI

+ Improve the data collection mechanism

+ Include dates in the notifications, rather than a reference

+ Combine user credentials for Registrar families (grouping)

+ Group requested documentation per domain

RFI Phase – Lessons Learned Details (Year 1)

What can be improved:

+ Provide document examples or samples on RFI ✔
+ Allow for the deletion of Files in Audit Tool ✔
+ Explore non-excel options for RFI format
+ Explore options for data upload capabilities (for example: drag & drop files, multi-file upload, zip file w/ folder structure) ✔
+ Include dates in the notifications, rather than a reference to Pre-Audit Notification ✔
+ Combine user credentials for Registrar families (grouping)
+ Group requested documentation per domain

✔ Indicates that it's complete

RFI Phase – Lessons Learned Details (Year 1)

## What can be improved (cont.):

For Registrars in a Family

+ Will allow, as in year 1 Audit, to audit 1 family member from an entire Registrar's family only if:
    + Operating the same- Technically and Operationally
+ Families randomly selected in consecutive years can request to 'opt out' only if the following conditions are all met. This would be subject to ICANN Approval:
    + no significant deficiencies or multiple deficiencies noted in year 1
    + no significant organization or process change over the course of the year and can attest to the accuracy of the control environment
    + no significant ICANN Policies/Contracts have been implemented prior to the next audit cycle

RFI Phase-Statistics (Year 1)

	5 Dec 2012		17 Dec 2012		28 Dec 2012		8 Jan 2013	
Rr/Ry Logged In	73	23%	282	87%	309	96%	320	99%
Rr/Ry Not Logged In	250	77%	41	13%	14	4%	3	1%
Rr/Ry Complete	7	2%	190	59%	286	89%	312	97%
Rr/Ry Documents Uploaded	592		11,776		17,840		20,423	
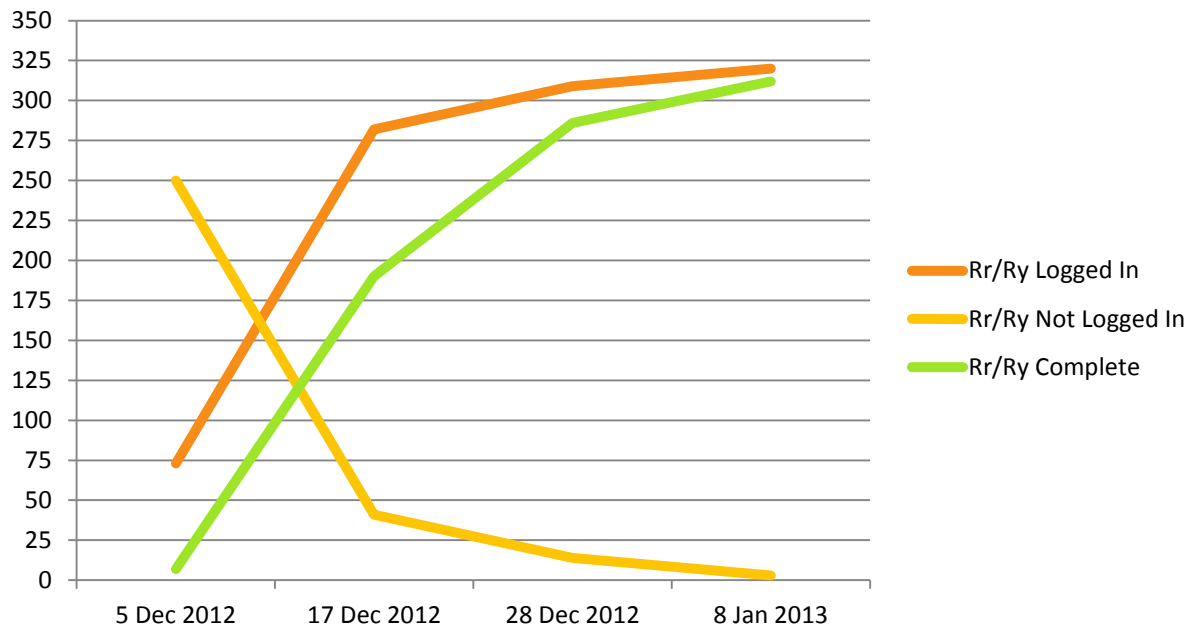
Number of Registrar/y per Phase (Year 1)

Phase	Count
RFI Phase	
Registries that completed RFI	5
Registry that did not complete RFI	1
Registrars - not belonging to a family	171
Registrars - responding within a family (10 families)	134
Registrars - postponed due to transfer of ownership/business	2
Registrars - not completed due to termination	3
Registrars - breached but cured	7
Total	**323**
Audit Report Phase	
Registries issued audit reports	5
Registry not issued audit report	1
Registrars - not belonging to a family	171
Registrars - responding as a family (134 individual Registrars)	10
Registrars - postponed due to transfer of ownership/business	2
Registrars - not completed due to termination	3
Registrars - breached but cured	7
Total	**199**

Internal Audit of CC Operations

Design Internal Audit Framework

+ Identify Requirements
+ Design Audit Process Flow
+ Obtain Management Approval on Flow and Design

Develop, Conduct Risk Assessment

+ Create Risk Assessment
+ Review Risk Assessment Structure
+ Approve Risk Assessment Structure
+ Conduct Risk Assessment
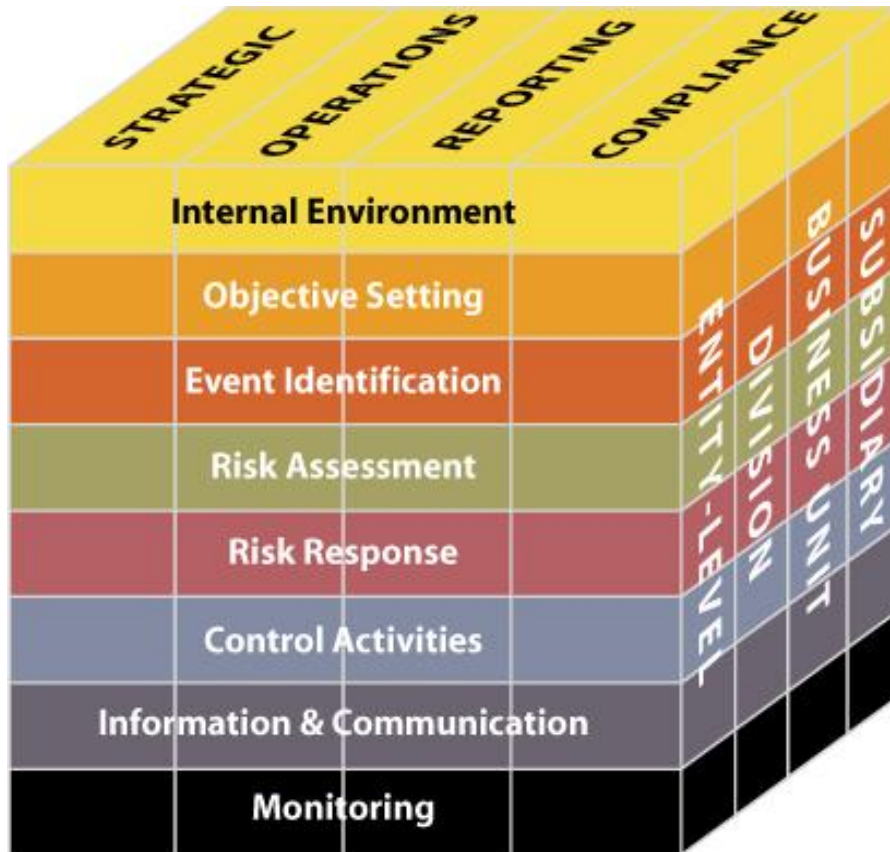+ Identify and Report Gaps

Build the Control Framework

+ Build Control Matrix for Testing
+ Gain Approval of Control Matrix

Execute Internal Audit Assessment
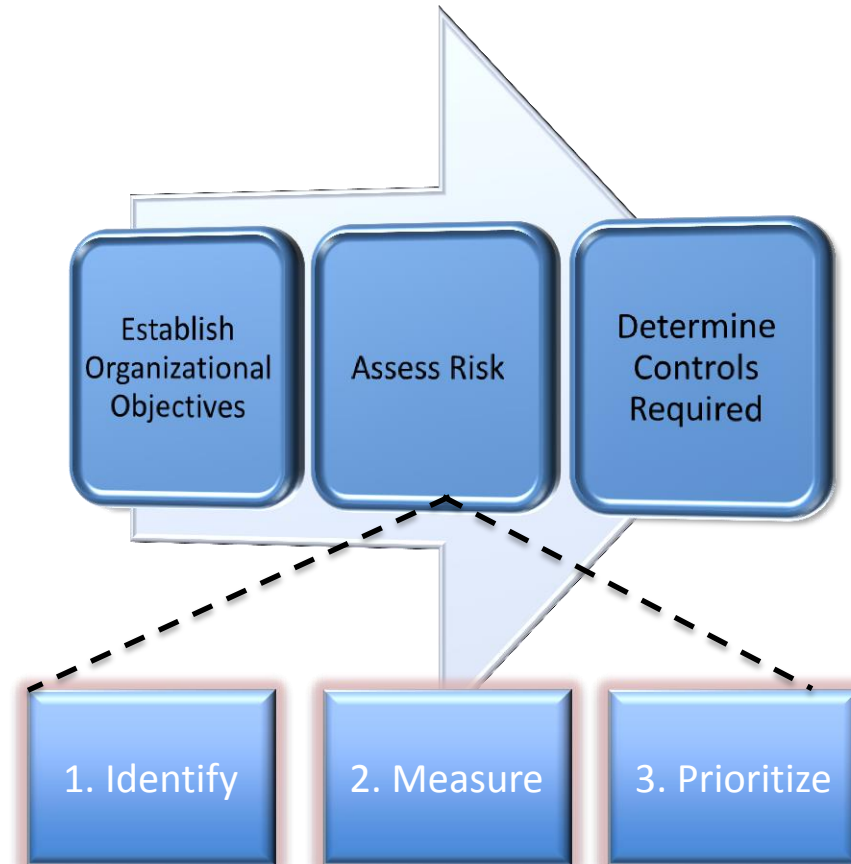
+ Conduct Audit and Report Results
+ Report Audit Results

Internal Audit of CC Operations Risk Assessment Approach

Typical- Overall Evaluation

CC Simplification

Datasource: Committee for Sponsoring Organizations (COSO)