**Appendix E - Observations Concerning The ATRT Process**

**Scope of ATRT2’s work**

Unlike ATRT1 whose work was a “greenfield” effort to make Recommendations to ICANN to improve its accountability and transparency under Section 9.1 of the Affirmation of Commitments (AoC), ATRT2’s scope of work required an assessment of ICANN’s implementation of the ATRT1 Recommendations as well as the WHOIS Review Team (WHOIS-RT) and the Security, Stability and Resiliency Review Team (SSR-RT) Recommendations. These 3 Review Teams presented a total of 71Recommendations to the ICANN Board that represented a significant amount of work for ATRT2. At an early stage of its work, ATRT2 recognized the value of not only assessing implementation of prior Review Team Recommendations but also presenting “new” Recommendations in areas under paragraph 9.1 of the AoC where ICANN could improve accountability and transparency. ATRT2 recognized that the level of effort required to assess all prior Recommendations would affect ATRT2’s ability to develop focused, “new” Recommendations for the Board.

In keeping with the AoC, ATRT2 determined that it would assess ICANN’s implementation of ATRT1 Recommendations and could, if it deemed necessary, offer “new” Recommendations arising from the original ATRT1 Recommendations. It also determined that it would assess ICANN’s implementation of the WHOIS RT and SSR-RT Recommendations but “new” Recommendations arising from the original WHOIS-RT and SSR-RT Recommendations should be left to the discretion of WHOIS-RT2 and SSR-RT2.

ATRT2 notes that a full assessment of ICANN’s implementation of prior Review Team recommendations is critical to continuous improvement at ICANN and in creating a culture of accountability and transparency. At the same time, the methodologies of the review and assessments could be improved in a number of ways that are addressed below.

**Timeline for the Review**

ATRT2 commenced its work with an initial conference call on 22 February 2013 and held its first face-to-face meeting on 14-15 March 2013. Given the 3 year cycle of AoC Reviews, and taking into account the role of ATRT in assessing implementation of other Review Team Recommendations that have their own AoC life cycle, ATRT2 determined it would submit its review and Recommendations to the ICANN Board no later than 31 December 2013. Since ATRT2’s substantive review and assessment did not commence until its first face-to-face meeting in mid-March, ATRT2 had effectively 9.5 months to complete its work. ATRT1 observed in its Final Report that it had less than 9 months to complete its work and that this created unnecessary pressure on ATRT1’s work. Given the experience of both ATRT1 and ATRT2, it is clear that providing the ATRT with a full 12 months to complete its work is critical to the quality of the process. ICANN should adjust its internal processes to prepare for the next ATRT to ensure that ATRT3 is able to commence its substantive work in earnest in January so as to provide a full 12-month calendar to conduct its review. While suggestions have been made that the ATRT could chose to complete its work in a time frame greater than 12 months (as another Review Team did), ATRT2 does not see the need for a period greater than 12 months nor does it see barriers to ICANN in setting the ATRT2 work in motion in a more timely fashion.

**Budget**

ATRT2 was not provided the full budget for its work at the outset of the review process. An understanding of the Review Team budget is critical for a number of reasons:

1. ATRT work entails significant amount of hours, conference calls, face-to-face meetings; engagement of an independent expert, if needed etc. The ATRT should be fully informed of the budget for its activities so that it can, in coordination with ICANN staff, responsibly manage its process and the necessary resource in coordination.
2. Lack of clarity concerning the ATRT budget injects unnecessary issues into the work. For example, a lack of clarity around the total budget for an independent expert raised concern in ATRT2 about ICANN potentially imposing constraints or otherwise attempting to control an important aspect of ARTR2’s work. While that may not have been ICANN’s intent, the lack of clarity can unnecessarily lead to inferences that ICANN is not acting transparently or being accountable to the review process.
3. Lack of clarity around the ATRT budget suggests, rightly or wrongly, that ICANN is not taking the planning process for these critical reviews seriously. After 3 full Review Team exercises over the course of 3 years, it should be expected that proper budgetary planning (including communication of the budget) would be *de rigueur.*

**Data gathering and analysis**

In keeping with its obligations to assess ICANN’s implementation of the ATRT1, WHOIS-RT and SSR-RT Recommendations and to provide any “new” Recommendations to ICANN, ATRT2’s work involves review of a significant amount of documentation as well as interviews with ICANN staff and Board and interaction with the Community. Data gathering takes many forms but it flows from primarily two sources: 1) documentation provided by ICANN staff that reflects implementation efforts; and 2) data provided by the Community either through Public Comment or through face-to-face interactions with the ATRT2. In the first phase of its work, ATRT2 spent a great deal of time developing requests for documentation to the ICANN staff and developing a questionnaire/survey for the Community to be put out for Public Comment.

With respect to the Public Comment process, ATRT2’s questionnaire attempted to capture input that spoke to the Community’s view of implementation of all 3 prior Review Teams’ Recommendations and any new areas for potential Recommendations. In retrospect, and as reflected in feedback from the Community, the questionnaire was voluminous and unclear in certain sections. ATRT2 also published a “draft” Report and Recommendations in mid-October seeking Public Comment to consider in its Final Report.

ICANN staff did provide presentations in the first face-to-face meeting on implementation efforts in the form of power point slides and individual interviews with Staff members who were responsible for implementation efforts. These presentations were informative and helpful to ATRT2 in understanding Staff’s assessment of ICANN’s implementation efforts. That being said, ATRT2 understood that it was responsible to review other documentation to assess and validate the Staff’s assessment of implementation efforts. What ensued over the course of the ATRT2’s work was a series on ongoing request for data and documentation from the Staff so that ATRT2 could conduct its own assessment of implementation efforts and so it could analyze areas where “new” Recommendations appeared to be needed.

**Meetings and conference calls**

ATRT2 conducted 20 conference calls and 7 face-to-face meetings. Additionally, once the team was organized into 4 distinct work streams, those work streams entailed 16 conference calls to develop their respective areas of the Report. ATRT2 found that the face-to-face meetings were critical to advancing analysis and consensus on conclusions and in making significant strides in developing the Report. ATRT2 found “mixed” value in the conference calls and noted that conference calls for work streams were not necessarily effective in substantively advancing that work. ATRT2 also notes the importance of face-to-face interaction with ICANN Community members to receive input and hear oral presentation that allows for dialogue and add context to a given AC or SO’s input to the ATRT process.

**Managing work streams and drafting the Report**

ATRT2 decided to organize the work into discrete work streams. It did so to manage a sizeable workload and because the work lent itself to four discrete areas, the assessment of 3 prior Review Team Recommendations and “new” Recommendations. ATRT2 had 4 volunteers who Chaired and directed the work of the 4 respective work streams. The ATRT2 Chair and Vice Chairs provided guidance to the work stream Chairs.

While this organization of the work had a logical appeal, ATRT2 members found that the number of conference calls generated by the individual work streams and the fact that some ATRT2 members were participating in multiple work streams to be cumbersome and not necessarily efficient.

**IMPROVING FUTURE REVIEWS**

**Timeline**

ATRT3 should be selected and organized in a timely fashion to allow at least a 12-month period for its work. ATRT3 should take into account the life cycle of the 4 reviews it must assess (ATRT2, WHOIS-RT, SSR-RT and Competition, Consumer Trust and Consumer Choice (CCTCC-RT)) and assess the efficacy of the review processes life cycle as a whole.

**Budget**

A full and clear budget for ATRT3 (taking into account that the ATRT3 process “straddles” 2 fiscal years) should be presented to ATRT3 at the initiation of its work for proper planning and management by ATRT3, in coordination with ICANN staff.

**Data gathering and Analysis**

ATRT3 should be presented at the initiation of its work with a full report from ICANN staff that:

1. Demonstrates implementation of prior Review Team Recommendations
2. Identifies with specificity the effects of implementation on ICANN from an organizational view; on processes; on interaction with the Community and on outcomes
3. Provides extensive citations and references to documentation that supports points 1 and 2.
4. Reflects clear metrics and demonstrates measurable progress and improvement against prior benchmarks on implementation efforts.
5. Reflects the costs of implementation and the resources needed for implementation efforts.
6. Provides ATRT3 with a range of tools (including metrics, criteria etc.) to assess implementation efforts.

ATRT3 should also consider methodologies for effectively managing the work load to allow for substantive and efficient review of implementation of the prior 4 Review Teams’ Recommendations and, importantly, to allow for sufficient focus on new areas for potential Recommendations. Methodologies that add efficiencies to the data gathering (i.e. more effective questionnaire/survey for the Community) and to the assessments (i.e. approaches to analysis and work stream management) should be considered.

**Metrics and Criteria for measuring progress**

One learning for ATRT2 is that since ICANN, to a large degree, did not adopt metrics for its implementation efforts, the Review Team’s ability to measure progress was affected. At the first face-to-face meeting in mid-March, Fadi Chehade committed to developing metrics for implementation of Recommendations from AoC Review Teams. Following Fadi’s commitment, ICANN staff engaged One World Trust to develop metrics to be applied to Review Team Recommendation implementation efforts going forward. ATRT2 requested that it be able to interact with One World Trust directly so that ATRT2 could reflect the need for metrics in its Final Report in a coordinated way.

**Meetings and conference calls**

Taking into account that ATRT2 found that the face-to-face full Review Team meetings provided the best vehicle for driving substantive discussion and for identifying consensus, ATRT3 should be open to other/additional forms of interaction and other methods for “pulling” information from the Staff and Community.

**Managing work streams and drafting the Report**

ATRT3 will be in the best position to organize its work. That being said, alternatives to works streams should be explored particularly if efficiencies and new tools can be used to conduct assessments of prior Review Team Recommendations. ATRT2 also observes that publishing the Draft Report should take place no later than 3 months prior to issuance of the Final Report. This allows a full Public Comment period and the ability of the ATRT to manage an important amount of data that comes into the process in the final phase. It is important that the ATRT have the ability and time to substantively modify the Final Report based on Community and ICANN input.

**Consideration of work of ICANN Structural Improvements Committee**

In discussing how to improve the AoC Review process going forward, ATRT2 also considered the work of the ICANN Structural Improvements Committee on Institutional Reviews.  The ATRT2 notes that the AoC Reviews are distinct and different from the ICANN Institutional Reviews.  At the same time, AoC Review Teams and the Board should consider the ATRT2's Observations and a range of techniques to improve the AoC Review processes.  The following document contains a number of techniques considered by the Structural Improvement Committee for consideration.

**Audit Framework 130828**

**ORGANIZATIONAL AUDIT PROGRAM INTRODUCTION**

As a part of its responsibility to ensure the accountability and transparency of its organizations and their processes, the ICANN Board of Directors must, from time to time, by the means of audit activities, assess the effectiveness of the processes of its Supporting Organizations, Advisory Committees, and other groups that it deems necessary; the outcomes of those processes; and the capability of the ICANN structures to support the processes. In the past organization reviews mandated by the bylaws to a certain extent assessed the process elements and certain aspects of the capability of the structures to support the processes. There was no real assessment of process outcomes and no assessment of the processes themselves. There also did not exist a manner or means in which the results of these assessments were routinely integrated into strategic or operational planning. Hence there is a need for an improved review regimen. This improved regimen is a comprehensive Organizational Audit Program. This paper describes a concept for the board to discharge its responsibility and provides the principles to guide the development of the Organizational Audit Program.

**TERMS**

Process

A plan or predetermined method is for producing an outcome or product. It is composed of elements that define standards, requirements or resources needed to accomplish the activity.

Process Audit

An examination that measures whether people know how to perform a process and whether controls are used to produce an outcome.

A process audit looks for performance indicators such as waiting, redoing, deviating or rejecting. It does not measure the quality of the outcome nor does it measure the compliance to standards, requirements, or the provision of resources needed. It can identify the lack of or inadequacy of the elements. By its nature, a process audit analyzes work flow identifying efficiencies or deviations by verifying conformance to the required sequential steps from

input to output using models and tools such as simple flowcharts, process maps or process flow diagrams. A process audit provides added value by evaluating how processes flow, their controls and risks and the achievement of outcomes. While objective criteria can be used to evaluate process flows, there may also be subjective evaluations based upon interviews regarding how well the process is or is not working.

Process Element Audit

An examination that verifies compliance or conformance to standards and requirements both as they pertain to the process and also to the manner of provisioning of resources.

A process element audit ensures all aspects of a process are being evaluated. Standards and requirements may be based upon statutes, organizational bylaws, or organizational policies and are used to support key elements or controls of a process or support the provisioning of supporting resources. A process element audit is the direct link to these statutes, bylaws, and policies. A process element audit verifies key elements or critical controls and identifies compliance or deviation from them. This includes but is not limited to such things as written procedures and record keeping. Lastly, a process element audit ensures that the people managing and using the process are aware of the standards and requirements and are adhering to them. Objective criteria can be used throughout to evaluate process elements to the extent that a checklist style of approach can be used.

Outcome Audit

An examination that focuses on quality and effectiveness of the product of a process.

An outcome audit is the most common informal unstructured evaluation, but it can also be the most difficult to define standards and requirements and is the most prone to ambiguity in evaluation. An outcome audit is best conducted as part of the feedback and assessment phase of a process.

Structural Audit

An examination that evaluates the capacity of an organization to effectively and efficiently perform its processes and achieve quality outcomes.

A structural audit looks at the organization and allocation of resources that provide the capacity for the organization perform effectively. The Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of a strategic planning process is an effective method to conduct this audit.

**Principles**

1. An audit measures against a standard and it should identify the cause of any deviation. All audits start with compliance against a standard whether it is a process flow, a process element, a process outcome, or the capability of a structure.

2. An audit must be focused on feedback. Feedback is needed so that organizations can take actions that will improve the organization. The results of the audit are provided in a written report that identifies strengths and weaknesses, identifies root causes of deviations, and provides recommendations for corrective actions and improvement. This report serves as a record of results that can be used to correct deviations, provide input into strategic and operational planning, and can benefit other organizations in the ICANN community.

3. An audit examines whether the deviations reported from the previous audit have been corrected and whether the results were incorporated into the strategic and operational planning.

4. An audit consists of five elements:

a. Measurement against a standard.

b. Determination of the magnitude of compliance or deviation. c. Identification of the root cause of the deviation.

d. Identification of a solution or set of solutions. e. Formulation of recommendations.

**Concept**

All audits – Process Audits, Process Element Audits, Outcome Audits, or Structural Audits will be conducted in a phased or cyclical approach. A specific plan and process will be developed for each audit. Not all phases described below will be totally applicable for each of the audits. Each of the audits is an independent activity and are not usually conducted simultaneously. The phases of an audit are:

1. Pre-Audit Activities.

a. Identify standards and requirements. Standards and requirements appropriate to the audit are identified and prepared or developed by the staff and coordinated with the community.

b. Identification of the auditor. The auditor may be an individual or a team of individuals. Some audits will be conducted by independent firms selected thorough a contracting process while others can be conducted by teams

of individual identified from the ICANN communities. These community based teams will be supported by ICANN

provided resources and staff.

2. The audit.

a. Conduct of the Audit

1) The process audit will be conducted using either a contracted consulting firm or by a team of individuals identified from the ICANN communities.

2) The process element audit will be conducted using a contracted auditing firm.

3) The outcome audit will be conducted using either a contracted consulting firm or by a team of individual identified from the ICANN communities.

4). The structural audit will conducted as part of strategic planning. It will utilize the results of the other audits as input to this audit.

b. Preparation of the report.

1) Draft prepared and presented by the auditor to the audited organization.

2) Consultation and cross check between the audited organization and the auditor. If necessary the identification of differences and any resolutions of those differences will be placed into the final report.

comment.

3) Presentation of the final report to the board oversight committee and posting for public

4) Analysis of the public comments by the board oversight committee and preparation of recommendations to the board.

5). Board acceptance of the report and issuance of implementation guidance and instructions.

3. Implementation of recommendations. a. Immediate corrective action.

b. Integration into strategic and operations plans.

c. Publishing the report so that others can benefit from the results of the audit. d. Follow up assessment of implementation progress.

4. Operational Experience. The audited Supporting Organization, Advisory Committee, and other group operates for a period of time after the audit recommendations have been implemented.

5. Assessment of effectiveness of recommendations. After the period of operation the Supporting Organization, Advisory Committee, and other group conducts a self-assessment of the effectiveness of the recommendations and prepares a report. This report wil