

**ICANN BOARD PAPER NO. 2014.04.30.2e**

**TITLE:** **FY15 Budget approval timing**

**PROPOSED ACTION:** **For Board approval**

**EXECUTIVE SUMMARY:**

As the Board is aware, among other things, the announcement of the transition of NTIA's Stewardship of the IANA Functions affected the allocation of resources for the FY15 Budget in order to allow ICANN to prioritize the launching of the transition work. Accordingly, additional time is beyond the start of fiscal year 2015 (FY15) is needed to finalize the draft FY15 Budget, and to allow the Board Finance Committee (BFC) and staff sufficient interaction on the content of the draft FY15 Budget before posting for public comment. Further, additional time, but no later than the end of the first quarter of FY15 should be provided, in order to adjust for a revised public comment schedule and to allow sufficient time for the Board to take into account all input before approving the FY15 Budget.

**BOARD FINANCE COMMITTEE RECOMMENDATION:**

The BFC recommends that the Board approve the resolution relating to Budget approval timing as set forth below.

**PROPOSED RESOLUTION:**

Whereas, the budget for fiscal year 2015 (FY15) was scheduled to be posted for public comment on 24 April 2014 and to close on 4 June 2014.

Whereas, the final FY15 Budget was intended to be considered for approval by the ICANN Board during the ICANN 50 London meeting in June 2014.

Whereas, among other things the announcement of the transition of NTIA's Stewardship of the IANA Functions affected the allocation of resources for the FY15 Budget to allow ICANN to prioritize the launching of transition work and,

accordingly, additional time is needed to finalize the draft FY15 Budget, and to allow the Board Finance Committee (BFC) and staff sufficient interaction on the content of the draft FY15 Budget before posting for public comment.

Whereas, the draft FY15 Budget will now be posted for public comment from 8 May 2014 through 1 July 2014.

Whereas, the second Accountability & Transparency Review Team (ATRT2) has recommended that the budget consultation process be improved by ensuring that sufficient time is allocated for the Board to take into account all input before approving the budget.

Whereas, the timing for the Board to consider and approve the FY15 Budget will be extended to after the ICANN London meeting, but by no later than the end of the first quarter of FY15 in order to adjust for the revised public comment schedule and to allow sufficient time for the Board to take into account all input before approving the FY15 Budget.

Whereas, the BFC has recommended that the Board pass the resolutions below.

Resolved (2014.04.30.xx), the ICANN Board intends to approve the FY15 Budget after the London meeting and by no later than the end of the first quarter of FY15 (the end of September 2014).

Resolved (2014.04.30.xx), for the period of time beginning on 1 July 2014 through the date that the Board approves the FY15 Budget, the Board directs the President and CEO, and his designees, to operate ICANN in a manner consistent with the draft FY15 Budget that is to be posted for public comment from 8 May 2014 through 1 July 2014.

Resolved (2014.04.30.xx), the Board directs the President and CEO, or his designee(s), to draft a list of outstanding issues relating to the FY15 Budget

approval during the London meeting, for later consideration by the BFC and the Board.

Resolved (2014.04.30.xx), the Board directs the President and CEO, or his designee(s), to submit to the BFC and Board no later than ICANN's meeting scheduled for Los Angeles in October 2014, an updated budget process to be applied during the planning of FY16, which shall also include a plan for developing a multi-year forecast, which is to be designed as a result of broad input, including from the ICANN Community.

**PROPOSED RATIONALE:**

The public comment forum on the Draft FY15 Budget was initially set to run from 24 April 2014 through 4 June 2014. The announcement of the transition of NTIA's Stewardship of the IANA Functions has impacted the allocation of resources for the FY15 Budget in order to allow ICANN to prioritize the launching of transition work. As a result, additional time is needed to finalize the draft FY15 Budget and to allow the BFC and staff sufficient interaction on the content of the draft FY15 Budget before posting for public comment. Accordingly, the public comment period has been adjusted to run from 8 May 2014 through 1 July 2014.

The BFC agreed and recommended that the Board approve the FY15 Budget after the London meeting and by no later than the end of September 2014 in order to adjust for the revised public comment schedule. Additionally, the BFC noted that the ATRT2 Recommendations 12.1 and 12.5 call for the budget consultation process to be improved by ensuring that sufficient time is allocated for the Board to take into account all input before approving the budget. This action enhances ICANN's transparency and accountability to the community, and allows the Board sufficient time to consider all community inputs prior to taking a decision on the FY15 Budget.

In order to allow for ICANN to operate during the beginning of FY15, beginning on 1 July 2014 through the date that the Board approves the FY15 Budget, ICANN

requires Board authorization. Therefore, the Board is authorizing the President and CEO, and his designees, to operate during the first quarter of FY15 in accordance with the Draft FY15 Budget that is to be posted for public comment from 8 May 2014 through 1 July 2014. This action will allow for ICANN to maintain its current operations pending formal approval of the FY15 Budget.

The delay in approval of the budget, as it is accompanied with a measure to allow the operations of ICANN to continue, is not expected to have a material impact on the planned fiscal operations of the organization or the community. This decision will not have an impact on the security, stability or resiliency of the DNS.

This is an Organizational Administrative Function of ICANN not requiring public comment.

**Signature Block:**

Submitted by:                      Xavier Calvez, Chief Financial Officer

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