Staff Report of Public Comment Proceeding

Draft PTI and IANA FY19 Operating Plans and Budgets

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Public Comment Proceeding	
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Section I: General Overview and Next Steps

PTI (Public Technical Identifiers) was incorporated in August 2016, and became operational in October 2016. Under PTI's Bylaws, draft Operating Plans and Budgets for PTI must be submitted to the PTI Board nine months before the start of each fiscal year. A draft Operating Plan and Budget for PTI for FY19 were presented to the PTI Board and ICANN Board Finance Committee for review, and published for public comment on 09 October 2017.

One clarifying question was received on the posted documents during the public comment period. The question and a response from the organization were published in the public comment forum on 24 October 2017.

The FY19 PTI Operating Plan and Budget will be proposed for adoption by the PTI Board at the beginning of January 2018. As required under the PTI Bylaws, the PTI Operating Plan and Budget will also be presented to the ICANN Board as an input into ICANN's budget process, and will also be the basis for the required IANA Budget. The FY19 IANA Operating Plan and Budget will be proposed for adoption by the ICANN Board at the beginning of February 2018.

ICANN and PTI use comments on draft planning documents to identify areas of strength and areas for improvement. Comments provided in this public comment proceeding will help identify specific changes that may be incorporated into the final budget documents and/or implemented in the next planning process. This analysis is part of our commitment to continuous improvement.

Section II: Contributors

At the time this report was prepared, a total of four (4) community submissions had been posted to the forum. The contributors are listed below in chronological order by posting date with initials noted. To the extent that quotations are used in the foregoing narrative (Section III), such citations will reference the contributor's initials.

Organizations and Groups:

Name	Submitted by	Initials
Registries Stakeholder Group	Stephane Van Gelder	RySG
GNSO Business Constituency	Steve DelBianco	BC
GNSO Business Constituency	Steve DelBianco	BC
GNSO Council	Berry Cobb	GNSO

Individuals:

Name	Affiliation (if provided)	Initials

Section III: Summary of Comments

General Disclaimer: This section intends to summarize broadly and comprehensively the comments submitted to this public comment proceeding but does not address every specific position stated by each contributor. The preparer recommends that readers interested in specific aspects of any of the summarized comments, or the full context of others, refer directly to the specific contributions at the link referenced above (View Comments Submitted).

There were four submissions to the public comment forum on the Draft FY19 PTI and IANA Operating Plans and Budgets. The comments were submitted by three separate groups. The comments were further broken down into a total of 15 individual comments and segmented by theme. Further analysis follows in the section below.

Many comments pertained to document structure or format on both the PTI and IANA documents. These comments provided suggestions for changes to improve readability. Other comments included those pertaining to overall budget support, general feedback, level of detail provided in the documents, and one noted concern over potential PTI separation from ICANN.

We segmented comments thematically, and not based on the group submitting them, to gain a better understanding of the comments. The comment themes are listed here in alphabetical order and the analysis section provides a high-level assessment of the observations, questions, and requests. Responses to individual comments are provided in the appendix.

The specific comments and our responses will also be published as an Excel spreadsheet, to better enable structured analysis by the community.

Themes

Audits (1 Comment)
Capital Expenditures (1 Comment)
Document Structure/Format (9 Comments)
General Comments (1 Comments)
Financial Management (1 Comment)
PTI Separation (2 Comments)

Section IV: Analysis of Comments

General Disclaimer: This section intends to provide an analysis and evaluation of the comments submitted along with explanations regarding the basis for any recommendations provided within the analysis.

Audits

One comment is asking for clarification on what types of audits are being performed on both the Registry Assignment and Maintenance Systems and DNSSEC systems and processes. The Service Organization Control (SOC)3 audit is of the Root Zone Key Signing Key Operator System. The SOC3 is prepared for interested parties and provides interested parties with the auditor's opinion about the controls for the operation of the Root Zone Key Signing Key Operator System. The scope of the SOC2 audit pertains to other operational systems including, the Root Zone Management System, the trouble ticketing system and git/subversion. The SOC2 is provided by the auditors for the benefit of PTI's management and is not intended for distribution.

Capital Expenditures

One comment is asking if the Key Management Facility (KMF) equipment that is fully depreciated was an indication that the equipment was in need of replacement. Although some of the equipment is fully depreciated, it still is operational and has a remaining useful life. In addition, there have been equipment purchases over the recent two years that have upgraded the KMF equipment.

Document Structure/Format

There were 9 comments on the document structure/Format of both draft Operating Plans and Budgets.
1) There were two comments indicating that the publication of the PTI and IANA Budgets as two separate documents is an improvement.
   a. One comment indicated that the documents are more clear and transparent and richer in background information.
   b. The other comment indicated that publishing as two documents is sensible since the IANA Operating Plan and Budget is subject to possible Empowered Community rejection petition.
2) There was one comment suggesting a list of Acronyms be included to help improve the readability. A list of Acronyms will be added to the document.

3) One comment recommended that an Executive Summary Section be added to the document. We will consider incorporating an executive summary section into the FY20 Operating Plan and Budget documents.
4) There were two comments indicating that the PTI and IANA financial schedules should be in thousands rather than millions due to rounding. We will make changes to improve the readability of the document where possible.

Financial Management
There was a comment acknowledging that the planned budget increase can be supported as proposed and they trust that PTI and ICANN will continue to be prudent about the budget evolution. PTI and ICANN are committed to being fiscally responsible about the budget evolution.

General Comments
There was one comment indicating that IANA and PTI budgets are supported as currently provided and that the submitter will defer any specific comments to its other Stakeholders groups.

PTI Separation
There were two comments on the separation of PTI. One comment indicated that in a case of a separation of PTI, ICANN is expected to cover all costs related to a transition to separation and ICANN would not raise fees from Top Level Domain (TLD) operators (registries, registrars and, indirectly, for registrants) in order to achieve separation of PTI. The other comment indicated that in a scenario in which PTI would become separated from ICANN, a PTI Reserve Fund should be considered in order to provide PTI sufficient means to continue to perform its key functions independently during a limited time.

The CWG IANA Stewardship Transition Report, Annex L defines steps that would have to take place in order for a determination on how to proceed if the IANA Function Review (IFR) determines that a separation process is necessary. Annex L documents that a Separation Cross Community Working Group would be convened and any proposal would undergo a public comment. There is no requirement for a reserve fund to be established in advance of a proposal from the Separation Cross Community Working Group and the associated public comment.

In addition, there is an upcoming public comment report on ICANN's Reserve Fund, where the topic of a separate Reserve Fund for PTI has been raised. The responses when available on 22 December can be referenced at this link: https://www.icann.org/public-comments/reserve-fund-2017-10-12-en

Appendices
Appendix A below provides a specific response to each individual comment.

APPENDIX A

Audits

#	Comment	Contributor	Response / Action Taken
Section Summary: This section excerpts comments and questions relating to the Audits performed on IANA Functions.			
13.	Finally, can you please clarify what types of audits are being performed on both the Registry Assignment and Maintenance Systems and DNSSec systems and processes? We are unsure why one system is getting a SOC2 audit, whereas the other is getting a SOC3 audit. Assuming we are talking about SSAE16 SOC2 Type II audits, a SOC3 audit is simply a SOC2 audit that is presented in a simplified version for end user consumption.	GNSO - Business Constituency	**Response:** The scope of the two audits covers different systems. The SOC3 audit is of the Root Zone Key Signing Key Operator System. The SOC3 is prepared for interested parties and provides interested parties with the auditor's opinion about the controls for the operation of the Root Zone Key Signing Key Operator System. The scope of the SOC2 audit is other operational systems including, the Root Zone Management System, the trouble ticketing system and git/subversion. The SOC2 is provided by the auditors for the benefit of PTI's management and is not intended for distribution. **Changes to be made in final FY19 Operating Plan and Budget:** None

Capital Expenditures

#	Comment	Contributor	Response / Action Taken
	Section Summary: This section excerpts comments and questions relating to Capital Expenditures		
12.	We note that you indicated the KMF assets have "fully depreciated" – this likely indicates that this equipment is at or near the end of its usable life. Is there a plan for replacing this equipment?	GNSO - Business Constituency	**Response:** The average depreciation period for the KMF equipment is three years. Although some of the equipment is fully depreciated, it still is operational. In addition, there have been equipment purchases over the recent two years that have upgraded the KMF equipment. **Changes to be made in final FY19 Operating Plan and Budget:** None

Document Structure/Format

#	Comment	Contributor	Response / Action Taken
	Section Summary: This section excerpts comments and questions relating to Document Structure/Format		
1.	The publication of the PTI and IANA Budgets as two separate documents is an improvement. The documents are more clear and transparent and richer in background information. We note that the PTI Budget is now situated within ICANN's strategic objectives, goals and portfolios, and that the document includes definitions of 'support functions' and 'direct costs' as well as the associated formula to calculate the PTI support function costs as was suggested by the RySG in its comment on the FY18 Budget.	Registries Stakeholder Group	**Response:** Thank you for your comments on the improvements that have been incorporated into the FY19 Operating Plan and Budgets for PTI and IANA. **Changes to be made in final FY19 Operating Plan and Budget:** None

#	Comment	Contributor	Response / Action Taken
5.	We believe the improvements to the formatting of the budgets will increase readability and understanding. We suggest incorporating the following changes: 1. List of Acronyms – Please consider adding a list of acronyms immediate after the table of contents, as this will help newcomers to the community understand the budget document better.	GNSO - Business Constituency	**Response:** A list of acronyms will be added to section 1 of the documents. **Changes to be made in final FY19 Operating Plan and Budget:** Yes.
6.	2. Executive Summary Section – Currently the content presented under the Executive Summary sections in both the PTI and IANA FY19 budgets does not actually contain an executive summary. We believe that providing an actual summation of all of the following sections will again improve the readability and accessibility of the document. With this in mind, we suggest the following text as a possible starting point for an Executive Summary that corresponds with our recommendation. Suggested Executive Summary - See PDF BC Comment on IANA FY19 Budget	GNSO - Business Constituency	**Response:** Thank you for your suggestion. We will consider incorporating an executive summary section into the FY20 Operating Plan and Budget documents. **Changes to be made in final FY19 Operating Plan and Budget:** None
7.	Comment on Draft IANA FY19 Budget We also suggest increased granularity should be used when reporting the budget for IANA. Reporting on $100K intervals is problematic for such a relatively small budget. It also leads to some anomalies within the budget. For instance, the IANA Services budget is listed as increasing from $400,000 to $500,000 (a 25% increase), but the actual percentage change listed is 31.3%.	GNSO - Business Constituency	**Response:** Thank you for your suggestion. Thank you for your suggestion. We will consider incorporating a change in the level of granularity in the FY20 Operating Plan and Budget documents. **Changes to be made in final FY19 Operating Plan and Budget:** None

#	Comment	Contributor	Response / Action Taken
8.	**Comment on Budget Formatting** We believe the improvements to the formatting of the budgets will increase readability and understanding. We suggest incorporating the following changes: 1. List of Acronyms – Please consider adding a list of acronyms immediate after the table of contents, as this will help newcomers to the community understand the budget document better.	GNSO - Business Constituency	**Response:** A list of acronyms will be added to the document in section 1 that lists the changes Between Draft and Adopted Versions. **Changes to be made in final FY19 Operating Plan and Budget:** Yes.
9.	2. Executive Summary (ES) Section – Currently the content presented under the Executive Summary sections in the PTI budget does not actually contain an executive summary. We believe that providing an actual summation of each of the chapters will improve the readability and accessibility of the document. Kindly review the sample ES provided in the BC comment on draft IANA Budget for adaptation.	GNSO - Business Constituency GNSO - Business Constituency	**Response:** Thank you for your suggestion. We will consider incorporating an executive summary section into the FY20 Operating Plan and Budget documents. **Changes to be made in final FY19 Operating Plan and Budget:** None
10.	**Other Comments** The BC is slightly confused by the opening of the executive statement relative to consulting stakeholders about the long-term objectives of PTI. The ultimate conclusion was certainly correct - there is a need for continuity and stability in delivering the IANA functions – but we believe that this should be a baseline threshold for any PTI budget. If the PTI budget is not aligned with a focus on providing continuity and stability of IANA functions, the entire security, stability, and resilience of the Internet is put at risk.	GNSO - Business Constituency	**Response:** Thank you for your comment on the FY19 PTI and IANA Operating Plans and Budgets. **Changes to be made in final FY19 Operating Plan and Budget:** None

#	Comment	Contributor	Response / Action Taken
11.	We also suggest that increased granularity should be used when reporting the budget for PTI. Reporting on $100K intervals is problematic for such a relatively small budget. It also leads to some anomalies within the budget. For instance, It is curious that the contingency budget is represented as $500,000 USD for both FY18 and FY19, but there is a .9% decrease in the funding. Similarly, depreciation is noted as being reduced from $400,000 to $300,000, a reduction of 25%, but the listed change is 17.7%.	GNSO - Business Constituency	**Response:** Thank you for your suggestion. Thank you for your suggestion. We will consider incorporating a change in the level of granularity in the FY20 Operating Plan and Budget documents. **Changes to be made in final FY19 Operating Plan and Budget:** None
15.	For FY19, the GNSO Council welcomes the separation of the Draft FY19 IANA Functions from the other IANA Services operated by ICANN as the IANA Functions Operator noting that this is sensible not only from a budgeting and allocation perspective, but it is the activities of the Customer Standing Committee (CSC) and Root Zone Evolution Review Committee (RZERC) that are most visible to the GNSO Council. The GNSO, as a Decisional Participant within the Empowered Community, is aware that should any of its constituent parts have issue with the IANA-PTI budget, it is the IANA Operating Plan and Budget that would be subject to possible rejection petition should that occur.	GNSO Council	**Response:** Thank you for your comments on the improvements that have been incorporated into the FY19 Operating Plan and Budgets for PTI and IANA. **Changes to be made in final FY19 Operating Plan and Budget:** None

Financial Management

#	Comment	Contributor	Response / Action Taken
Section Summary: This section excerpts comments and questions relating to			
2.	The RySG can support the budgets as proposed. We take note of the USD 900 million [sic] increase, due to an incremental increase of existing costs, and trust that PTI and IANA continue to be prudent about the budget evolution.	Registries Stakeholder Group	**Response:** PTI and ICANN are committed to being fiscally responsible about the budget evolution. The draft FY19 IANA Budget is $10.9 million, an increase of $0.9 million from the $10.0 million IANA Budget for FY18. **Changes to be made in final FY19 Operating Plan and Budget:** None

General Comments

#	Comment	Contributor	Response / Action Taken
Section Summary: This section excerpts comments and questions relating to General Comments			
14.	The GNSO Council notes that its current priorities and policy development activities do not appear to intersect directly with the operations of the IANA Functions by PTI. It is expected that SGs/Cs will provide more detailed feedback regarding the budget and operating plan of PTI. The GNSO Council fully supports the IANA-PTI budgets as currently provided and will defer any specific comments to its SGs/Cs.	GNSO Council	**Response:** Thank you for your comment on the draft FY19 PTI and IANA FY19 Operating Plans and Budgets. **Changes to be made in final FY19 Operating Plan and Budget:** None

PTI Separation

	Comment	Contributor	Response / Action Taken
Section Summary: This section excerpts comments and questions relating to PTI Separation			
3.	There exists some concern within the RySG about potential scenarios in which PTI would become separated from ICANN. We suggest that such a scenario is thought through as well as the	Registries Stakeholder Group	**Response:** The scope of potential separation scenarios is for consideration in the IANA Naming Function Separation Process set out in the ICANN Bylaws at Article 19. The IANA Naming Function Contract at Section

Comment	Contributor	Response / Action Taken
appropriateness of a PTI Reserve Fund providing PTI with sufficient means to continue to perform its key functions independently during a limited time.		9.3 requires that a Transition Plan be put in place so that PTI is in a position to transition its responsibilities if necessary. In addition, there is an upcoming public comment report on ICANN's Reserve Fund, where the topic of a separate Reserve Fund for PTI has been raised, the responses when available on 22 December can be referenced at this link: https://www.icann.org/public-comments/reserve-fund-2017-10-12-en. **Changes to be made in final FY19 Operating Plan and Budget:** None
4.	With regard to a possible PTI/ICANN Separation Process, the RySG would like to recall that 'In the case of a recommendation for any action [by the Separation Cross Community Working Group (SCWG)], ICANN is expected to cover all costs i.e. costs related to the then transition, costs related to the possible selection of a new IFO and the ongoing operating costs of the successor operator. Moreover, in bearing such costs, it is to be required of ICANN that it does not raise fees from TLD operators (registries, registrars and, indirectly, for registrants) in order to do so." (CWG IANA Transition Report, Annex L, https://community.icann.org/pages/viewpage.action?pageId=53779816)	Registries Stakeholder Group	**Response:** Your reference to the CWG IANA Transition Report, Annex L is noted. **Changes to be made in final FY19 Operating Plan and Budget:** None

End of Report