Audit Committee Report March 2004:

Members: Lyman Chapin, Veni Markovski, Thomas Niles and Njeri Rionge in Chair.

The audit committee has reviewed the action points and suggestions of the last meeting held in Carthage, Tunisia.

The following has been agreed during our meeting, held in Rome;

1. request the CEO to call for proposals and determine the top three available auditors by July 2004, Kuala Lumpur, Malaysia

2. receive and review the RFP's by December 2004, Cape Town, South Africa

3. retain the current auditor, KPMG, for the fiscal year that ends June 30, 2004; note that ICANN would still be in accordance with Corporate Governance requirements; KPMG would be acting on the fourth consecutive audit in 2004

4. analyze ICANN's risk management process by assessments and reviews of the financial management control structure, with staff, with a view to enhancing the current internal controls system, with clearly defined Key Result Areas and Performance Indicators.

5. the committee discussed with the auditors in detail the current financial systems and findings that the auditors would like to bring to the committee's attention, and confirms that their findings are well stipulated by the audit report. However, a need to adjust the current financial system and policy to meet current growth of ICANN, needs restructuring, which is currently ongoing as indicated above.

6. the committee will forward the final adjustments in the financial system and policy, along with the recommendations of the auditors for fiscal 2005 by January 2005, to the BOARD for review and adoption.

The committee is committed to meeting the action plans for this year 2004/05, which we believe will offer the ICANN board, staff and community at large the support as per the ICANN bylaws.

End Report

Audit Committee Chair