

# Audit Report March, 2022











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## **Executive Summary**

**Project Name** Kryption

Overview The BTCpx.sol contract contains code with the functionality of

swapping, minting and burning tokens across multiple chains.

**Timeline** First Audit: 9 January, 2023 to 25th January, 2023

Extra Review: 2nd March, 2023 to 7th March, 2023

Method Manual Review, Functional Testing, Automated Testing etc.

**Scope of Audit** The scope of this audit was to analyse Kryption codebase for

quality, security, and correctness.

https://github.com/Proxy-Protocol/BTCpx-ERC20/blob/

eb62aa06f01a83eee62aa944ee731637feec6700/contracts/BTCpx.sol

**Branch Name:** main

Commit Hash: eb62aa06f01a83eee62aa944ee731637feec6700

Fixed In <a href="https://github.com/Proxy-Protocol/BTCpx-ERC20/">https://github.com/Proxy-Protocol/BTCpx-ERC20/</a>

commit/6833a3fb9542e0391844472af2e3a4a98af5e9e2

Extra Review <a href="https://github.com/Proxy-Protocol/BTCpx-ERC20/commit/">https://github.com/Proxy-Protocol/BTCpx-ERC20/commit/</a>

b03813800b9ca3f79d8e11f6a83bd2df47ea19c7



	High	Medium	Low	Informational
Open Issues	0	0	0	0
Acknowledged Issues	1	0	1	5
Partially Resolved Issues	1	3	0	0
Resolved Issues	0	1	0	0

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## **Types of Severities**

### High

A high severity issue or vulnerability means that your smart contract can be exploited. Issues on this level are critical to the smart contract's performance or functionality, and we recommend these issues be fixed before moving to a live environment.

#### **Medium**

The issues marked as medium severity usually arise because of errors and deficiencies in the smart contract code. Issues on this level could potentially bring problems, and they should still be fixed.

#### Low

Low-level severity issues can cause minor impact and or are just warnings that can remain unfixed for now. It would be better to fix these issues at some point in the future.

### Informational

These are severity issues that indicate an improvement request, a general question, a cosmetic or documentation error, or a request for information. There is low-to-no impact.

## **Types of Issues**

#### **Open**

Security vulnerabilities identified that must be resolved and are currently unresolved.

#### **Resolved**

These are the issues identified in the initial audit and have been successfully fixed.

## **Acknowledged**

Vulnerabilities which have been acknowledged but are yet to be resolved.

### **Partially Resolved**

Considerable efforts have been invested to reduce the risk/impact of the security issue, but are not completely resolved.

## **Checked Vulnerabilities**

Re-entrancy

✓ Timestamp Dependence

Gas Limit and Loops

Exception Disorder

✓ Gasless Send

✓ Use of tx.origin

Compiler version not fixed

Address hardcoded

Divide before multiply

Integer overflow/underflow

Dangerous strict equalities

Tautology or contradiction

Return values of low-level calls

Missing Zero Address Validation

Private modifier

Revert/require functions

Using block.timestamp

Multiple Sends

✓ Using SHA3

Using suicide

✓ Using throw

Using inline assembly

## **Techniques and Methods**

Throughout the audit of smart contract, care was taken to ensure:

- The overall quality of code.
- Use of best practices.
- Code documentation and comments match logic and expected behaviour.
- Token distribution and calculations are as per the intended behaviour mentioned in the whitepaper.
- Implementation of ERC-20 token standards.
- Efficient use of gas.
- Code is safe from re-entrancy and other vulnerabilities.

The following techniques, methods and tools were used to review all the smart contracts.

#### **Structural Analysis**

In this step, we have analysed the design patterns and structure of smart contracts. A thorough check was done to ensure the smart contract is structured in a way that will not result in future problems.

#### **Static Analysis**

Static analysis of smart contracts was done to identify contract vulnerabilities. In this step, a series of automated tools are used to test the security of smart contracts.

#### **Code Review / Manual Analysis**

Manual analysis or review of code was done to identify new vulnerabilities or verify the vulnerabilities found during the static analysis. Contracts were completely manually analysed, their logic was checked and compared with the one described in the whitepaper. Besides, the results of the automated analysis were manually verified.

#### **Gas Consumption**

In this step, we have checked the behaviour of smart contracts in production. Checks were done to know how much gas gets consumed and the possibilities of optimization of code to reduce gas consumption.

#### **Tools and Platforms used for Audit**

Remix IDE, Truffle, Truffle Team, Solhint, Mythril, Slither, Solidity statistic analysis.

## **Manual Testing**

## **High Severity Issues**

#### 1. Privileged account risks

### **Description**

The setAdminInitially function on #L116 has no access controls and if this contract was monitored at deployment, a frontrunner could call this function and set themselves as admin before the intended admin can. This would leave over 95% of critical functionality in the hands of an unintended admin. Also, the predicate account privileges could be transferred unintentionally to the wrong address.

#### Remediation

Include some form of access control here or set the admin directly in the constructor to avoid this risk. To mitigate account transfer issues, consider two-step ownership / privileged account transfers which would need the new account to accept the privileges granted as well as a time delay which could cancel the transfer if it happened unintentionally

Reference: <u>Ownable2Step</u>

**Status** 

**Partially Resolved** 

#### 2. Centralization issues

### **Description**

The contract is heavily dependent on an admin account as a signer for onlyAdmin function calls. A compromised admin account will open up numerous attack vectors which can lead to loss of funds, trust and users.

#### Remediation

It is highly recommended to carefully manage the admin and other privileged accounts in this scope. To reduce the impact of compromise, the following security measures can be implemented: Multisignature wallets (to require multiple accounts signing transactions before execution), or a Governance mechanism behind tokens.

#### **Status**

**Acknowledged** 



## **Medium Severity Issues**

#### 3. Missing sanity checks

#### **Description**

The mint and burn fees for daoUsers (set in #L164) and regular users (set in #L181 and #L190) do not have any sanity checks. The admin could set the fees above 100% each and create an unexpected scenario.

Also, on #L458 there is no check for the daoTreasuryAddress. A malicious admin could set another address as the dao treasury address and siphon funds intended to be sent there.

#### Recommendation

Include input validation checks to have a range/limit of the expected input. Also verify the addresses passed in, at least for zero address checks and have such critical changes occur only when appropriately authorized. Authorization could be via a multi-sig wallet or using governance protocols to avoid centralization risks as stated above.

#### **Status**

Resolved

## 4. Consider using the SafeERC20 wrapper for token transfers

## **Description**

Some ERC20 tokens have no return values in their transfer and transferFrom functions which could lead to return values which do not accurately describe changes to state. A token that failed to transfer could still return a true value at the end of its function call.

#### Recommendation

Use the SafeERC20 wrapper, specifically the safeTransfer and safeTransferFrom instead of the regular transfer and transferFrom in the ERC20 standard to properly deal with the return values from tokens that do not conform to the standard.

#### **Status**

**Partially Resolved** 

#### 5. Missing test cases

## **Description**

The codebase lacks any form of unit test coverage. It is advisable to have unit tests with greater than 95% coverage of the codebase to reduce unexpected functionality.

#### Recommendation

Include unit tests with greater than 95% coverage of the codebase.

**Auditor's Comment:** Some tests have been added but with limited coverage of the contract scope. <a href="https://github.com/Proxy-Protocol/BTCpx-ERC20/tree/audit/updates/test">https://github.com/Proxy-Protocol/BTCpx-ERC20/tree/audit/updates/test</a>

#### **Status**

### **Partially Resolved**

#### 6. Failing Arithmetic

#### **Description**

The contract is set to check for inputs greater/equal to 0 and less/equal to 100. Since the codebase deals with unsigned integers, Solidity would not accept any values less than 0 and that makes the check obsolete.

When combined with other arithmetic functions like getMintBySwapAmountAndFee() and getBurnToBridgeAmountAndFee(), it produces rounding errors with small amount of tokens where token fee amounts get rounded down to 0 when fee is too low or amount is too low.

#### Recommendation

- Have robust unit test cases to catch issues like these.
- Expand and specify the allowable limits to accept input which do not lead to rounding errors.

#### **Status**

#### **Partially Resolved**

## **Low Severity Issues**

### 7. Variable shadowing

## **Description**

The local variable \_amount is shadowed in the function call where it is defined. It is passed in as a parameter to the function call, named as the return variable for the getMintBtcAmount call, passed as a parameter to the internal mint call as well as the Mint event.

#### Recommendation

It is best practice to have variable names well defined, consider renaming the variable to avoid this issue.

#### **Status**

**Acknowledged** 

## **Informational Issues**

### 8. Cheaper Arithmetic Operations

## **Description**

The SafeMath library import in #L7 is unnecessary since Solidity versions >0.8.0 have inbuilt underflow and overflow checks for arithmetic operations, and are cheaper.

#### Recommendation

Consider removing the SafeMath library and refactoring the code to account for changes.

#### **Status**

**Acknowledged** 

## 9. Misleading comments

### **Description**

Multiple comments are misleading and should be updated to match the intended code flow. #L23 and #L25 can be set to any possible value and as such the comments would be invalid when the fees are updated, #L49 does not map hashes to address, #L225 assigns tokens to addr and not account, the token burn in #L196 is done by the admin not owner

#### Recommendation

Update the comments to match code functionality.

#### **Status**

**Acknowledged** 

## 10. Address updates

## **Description**

The setPredicate function does not check if predicate == \_predicate. An event is emitted here everytime the function is called thus populating the blockchain with events that aren't true updates.

#### Recommendation

Consider adding a check for the above scenario.

#### **Status**

**Acknowledged** 

### 11. Function visibility modifier

## **Description**

The decimals getter function does not modify or read from state in any way because it returns a static uint8 value of 8. It does not need to have a view modifier.

## Recommendation

Consider updating the view modifier to pure.

#### **Status**

**Acknowledged** 

## 12. Unlocked pragma (#L3)

## **Description**

The solidity pragma version in this codebase is unlocked.

#### Recommendation

It is always advisable to use a specific solidity version when deploying to production to reduce the surface of attack with future releases.

#### **Status**

**Acknowledged** 

#### **Recommendations**

- 1. Consider indexing events for search ease and use of monitoring tools.
- 2. Gas optimizations

```
// original
function tokenController(address _tokenAddress, bool _status) public onlyAdmin {
    require(tokens[_tokenAddress].status != _status, ...);
    Token memory token = tokens[_tokenAddress];
    token.status = _status;
// reduced storage reading
function tokenController(address_tokenAddress, bool_status) public onlyAdmin {
    Token memory token = tokens[_tokenAddress];
    require(token.status != _status, ...);
    token.status = _status;
}
//original
function mintBySwap(address _tokenAddress, uint256 _amount) public {
 IERC20Upgradeable token = IERC20Upgradeable(tokens[_tokenAddress].tokenAddress);
//unnecessary storage access
function mintBySwap(address _tokenAddress, uint256 _amount) public {
 IERC20Upgradeable token = IERC20Upgradeable(_tokenAddress);
```



## **Automated Tests**

```
Address/grandemble. revert(byres, string) inche and len/Opportappella/contracts-upgrademble.polity/dithe.2016 (one deadles/Opportappella/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrademble/contracts-upgrade
```

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```
Parameter BTCps. setDiddiser/indiress_uint256_uint250_burnées (contracts/BTCps.sole200) is not in assectace

Parameter BTCps. setDiddiser/res (address_uint256_uint250_burnées (contracts/BTCps.sole200) is not in assectace

Parameter BTCps. setDiddiser/res (address_uint256_uint250_burnées (contracts/BTCps.sole200) is not in assectace

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Parameter BTCps. burnéy/deres lytes_uint250_burnéy/deres lytes_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/deres_uint250_burnéy/de
```

```
burn(uint256) should be declared external:
- ERC20BurnableUpgradeable.burn(uint256) (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20BurnableUpgradeable.sol#26-28)
burnFrom(address, uint256) should be declared external:
- ERC20BurnableUpgradeable.burnFrom(address, uint256) (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20Pextensions/ERC20BurnableUpgradeable.sol#41-44)
addTokens(string, address, bool) should be declared external:
- BTCpx.valene(notroller(address, bool) (contracts/BTCpx.sol#348-354)
tokenController(address, bool) should be declared external:
- BTCpx.viene(notroller(address, bool) (contracts/BTCpx.sol#360-365)
vienStatus(address) should be declared external:
- BTCpx.viene(address) (contracts/BTCpx.sol#381-385)
- ChainController(string, bool) should be declared external:
- BTCpx.mint8ySwap(address, uint256) should be declared external:
- BTCpx.mint8ySwap(address, uint256) (contracts/BTCpx.sol#484-431)
burnObdridge(uint256, string) should be declared external:
- BTCpx.burnToBTidge(uint256, string) (contracts/BTCpx.sol#484-467)
setDaDTTeasury(address) should be declared external:
- BTCpx.mintToBTidge(address, uint256) (contracts/BTCpx.sol#444-467)
SetDaDTTeasury(address) should be declared external:
- BTCpx.setDaDTCeasury(address) (contracts/BTCpx.sol#474-476)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#public-function-that-could-be-declared-external
```

No major issues were found. Some false positive errors were reported by the tools. All the other issues have been categorized above according to their level of severity.

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## **Closing Summary**

In this report, we have considered the security of the Kryption codebase. We performed our audit according to the procedure described above.

Some issues of High, Medium, Low, and Informational severity were found. Some suggestions and best practices are also provided in order to improve the code quality and security posture.

## **Disclaimer**

QuillAudits smart contract audit is not a security warranty, investment advice, or an endorsement of the Kryption Platform. This audit does not provide a security or correctness guarantee of the audited smart contracts.

The statements made in this document should not be interpreted as investment or legal advice, nor should its authors be held accountable for decisions made based on them. Securing smart contracts is a multistep process. One audit cannot be considered enough. We recommend that the Kryption Team put in place a bug bounty program to encourage further analysis of the smart contract by other third parties.

## **About QuillAudits**

QuillAudits is a secure smart contracts audit platform designed by QuillHash Technologies. We are a team of dedicated blockchain security experts and smart contract auditors determined to ensure that Smart Contract-based Web3 projects can avail the latest and best security solutions to operate in a trustworthy and risk-free ecosystem.



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