

# Audit Report April, 2023



For





# **Table of Content**

Executive Summary	01
Checked Vulnerabilities	02
Techniques and Methods	04
Manual Testing	05
A. Contract - SelfToken.sol	05
B. Contract - SelfkeyldAuthorization.sol	80
B. Contract - SelfkeyldAuthorization.sol  Functional Testing	
	11
Functional Testing	11 12



## **Executive Summary**

**Project Name** Self Token by Selfkey Dao

**Overview** The SelfkeyiD Authorization contract provides users a means of

validating privileges to make transactions. The Self tokens

implemented here can only be minted when the said parameters (addresses, timestamps, and signers) match up with expectations.

Timeline 19 December, 2022 to 26 December, 2022

Method Manual Review, Functional Testing, Automated Testing etc.

**Scope of Audit** The scope of this audit was to analyze the Self Token codebase for

quality, security, and correctness.

https://github.com/selfkey-dao/self-erc20-token/blob/main/contracts/

Fixed In <u>SelfToken.sol</u>

Branch: master

Commit Hash: 1d1a9e7afc85cfeec17a2cd27a835af7a011719e



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

## **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**

## A. Contract - SelfToken.sol

## **High Severity Issues**

No issues were found

## **Medium Severity Issues**

## A1. Uncapped minting / token supply

## **Description**

The Self token does not have any caps to the total supply, or any check to the number of tokens that can be minted. If a transaction gets mistakenly approved to mint a large amount of tokens, it can lead to drastic price changes if the address approved to decides to swap these tokens thereby draining liquidity and causing high impact on the token price.

#### Remediation

Consider having limits to token amounts that can be minted / total supply of the token.

#### **Status**

### **Acknowledged**

**Self Token Team Comment -** Acknowledged, this is intended as the Self token will be inflationary by design. Our future products' smart contracts will make use of the Self token's Burn function in order to mitigate the inflation. Users will need to Burn Self in order to perform transactions or other on-chain activities in our future products. Furthermore, Self token will be a part of the SelfkeyDAO, which will regulate the amount of Self that can be minted per person per day, which will act as an on-chain deterrent to any such incidents.

#### A2. Address Validation

### **Description**

Some critical functions do not perform address validation. Any address can be passed in, including the dead address/zero address which will inhibit contract functionality. The affected functions are setAuthorizationContractAddress() and the constructor().

#### Remediation

Implement address checks before critical changes to the contract state occur.

#### **Status**

**Resolved** 

## A3. Privilege and Ownership transfer risks

### **Description**

The setAuthorizationContractAddress() function in the contract allows the current contract owner to set another address as the authorization contract. This can lead to a case where the owner has set an incorrect address and wants to reverse the change.

The same vector applies to the transferOwnership() function from the inherited Ownable contract. Ownership can be transferred to an incorrect or inaccessible address and will in turn handicap the contract functionality.

#### Remediation

It is advised to make ownership and privilege transfer a two-step process OR override the transferOwnership() function if it will not be implemented in the scope of this contract. Also, ensure proper management on the owner private key to prevent compromise which could lead to setting a malicious AuthorizationContractAddress.

#### References

- <u>Lin</u>k1
- Link2

#### **Status**

## **Low Severity Issues**

No issues were found

## **Informational Issues**

### A4. Unlocked pragma (pragma solidity >= 0.8.0)

## **Description**

Contracts should be deployed with the same compiler version that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.

#### Remediation

Here all the in-scope contracts have an unlocked pragma, it is recommended to lock all.

#### **Status**

Resolved

#### A5. Unused code

## **Description**

The internal burn mechanism is defined in the ERC20.sol library and is overwritten in the SelfToken.sol contract but is not called or used in the scope of the SelfToken.sol contract.

#### Remediation

If there is no need for the above-mentioned function, consider removing the unused code to reduce the contract size.

#### **Status**

## A6. Wrong comments

## **Description**

The comments made above the functions totalSupply() and balanceOf() are swapped, thus providing misleading information to anyone reading through the codebase.

#### Remediation

Adjust the comments describing both functions to enhance code readability and reduce possible queries from other code readers.

#### **Status**

Resolved

## B. Contract - SelfkeyldAuthorization.sol

## **High Severity Issues**

No issues were found

## **Medium Severity Issues**

#### **B1.** Address Validation

## **Description**

Some critical functions do not perform address validation. Any address can be passed in, including the dead address/zero address which will inhibit contract functionality. The affected functions are changeSignerAddress() and initialize(). If the signer address gets changed / set to an incorrect address, the entire contract can become crippled.

#### Remediation

Implement address checks before critical changes to state occur.

#### **Status**

### B2. Assembly Usage

## **Description**

The SelfkeyIdAuthorization.sol contract contains a block of assembly code which bypasses all checks of the solidity compiler and is not recommended for use. The assembly code attempts to retrieve the values of v, r and s from the signature.

#### Remediation

Consider alternatives to the assembly block implemented here as assembly code is not checked by the solidity compiler before it is run.

#### **Status**

### **Acknowledged**

**Self Token Team Comment:** We acknowledge this, we think is a very contained function, that will not change in the future, and is also used elsewhere, we consider the risk to be minimal.

### B3. Privilege transfer

## **Description**

The changeSignerAddress() function in the contract allows any address with the CONTROLLER\_ROLE role to set another address as the signer. This can lead to a case where an incorrect address is set there is a need to reverse the change. If this new authorizedSigner differs from the signer address passed in the authorize() function, none of the tries to authorize transactions will pass.

The attack scenario goes as follows: Malicious / Compromised Owner sets new Signer Address, the attacker gets the payload verified with new signer and mints tokens.

#### Remediation

It is advised to make privilege transfer a two-step process.

#### References

- Link1
- <u>Link2</u>

#### **Status**

## **Informational Issues**

### B4. Unlocked pragma (pragma solidity >= 0.8.0)

## **Description**

Contracts should be deployed with the same compiler version that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.

#### Remediation

Here all the in-scope contracts have an unlocked pragma, it is recommended to lock all.

#### **Status**

Resolved

### B5. Recursive imports

## **Description**

The imported and inherited "AccessControlUpgradeable.sol" OpenZeppelin contract also inherits the "Initializable.sol" OpenZeppelin contract thus extending its functions and usage into the SelfkeyIdAuthorization.sol contract. Importing the Initializable.sol contract will be unnecessary.

#### Remediation

Consider removing the import statement on line 5.

#### **Status**

Resolved

**SelfToken Team Comment:** AccessControl and Upgradability was removed.

# **Functional Testing**

## Some of the tests performed are mentioned below:

- should only accept transactions with proper signatures
- should fail on signature replay attacks
- should only accept valid payloads
- should only accept payloads with trusted signers
- should not accept payloads with a zero-address signer

## **Automated Tests**

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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12

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Selfkey Dao Token - Audit Report

13

## **Closing Summary**

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

Some issues of 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 Self Token. 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 Self Token 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.



**700+** Audits Completed



**\$16B**Secured



**700K**Lines of Code Audited



## **Follow Our Journey**





















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