

# Fund 7 Auditability challenge: final report

The challenge brief: <https://cardano.ideascale.com/c/campaigns/26253/about>

## Details

Challenge team	Stephen Whitenstall, Jo Allum, Vanessa Cardui, Thorsten Pottebaum, Eric Helms, Naveed Urmani
Budget	\$100,000
Number of proposals submitted	23
Number of proposals funded	8
Number of proposals completed as of March 2023)	4

## The funded proposals

• <i>Community Governance Oversight</i>	\$19,000	(closed out)
• <i>Impact Measurements Tool - research</i>	\$6,000	(closed out)
• <i>Translation for Proposal API DATA</i>	\$3,475	(closed out)
• <i>2MIN REVIEW Integrated Platform</i>	\$12,298	(stalled)
• <i>Catalyst Audit Circle</i>	\$12,700	(closed out)
• <i>DAO-NET: Auditor DAO</i>	\$19,000	(stalled)
• <i>Progress and KPI reporting tool</i>	\$16,100	(stalled)
• <i>A portal to audit and release funds</i>	\$9,000	(never submitted PoL; no funds claimed)

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## Meeting the challenge

The key success metric described in the challenge was simply **Number of funded proposals audited**, and success was defined as “Several projects evaluating funded proposals, providing reports, articles and metrics on the development and implementation of the projects”. However, this wording does not reflect what actually emerged, since proposals in this Challenge were primarily about creating and developing systems and platforms to audit proposals **with**, rather than actually conducting such auditing as part of the project itself. With hindsight, this is probably as it should be, so the wording of this success metric was perhaps not ideal.

The main challenge aim is worded better: to **make the auditing process of funded proposals efficient, distributed and transparent**. This aim is addressed in an interesting range of ways in the proposals that were funded. Some of them (such as **Translation for Proposal API DATA**, **A portal to audit and release funds**, **DAO-NET: Auditor DAO**, and **2MIN REVIEW Integrated Platform**) sought to build tools to make the audit of proposals easier and more transparent, including addressing issues such as language barriers, the problem of fund release not being linked to project progress, and the problem that there is no sustained funding in Catalyst for audit; whereas other proposals

(such as **Audit Circle** and **Impact Measurements Tool - research**) aimed to build the thinking and analysis that would make distributed and transparent audit possible.

The challenge also suggested that one additional measure of success would be to see proposals in different challenges being audited in ways appropriate to their challenge. This is an important aim, but was not specifically addressed by any of the successful proposals in F7. It's interesting that this issue was much more addressed in F8's *Auditability* challenge. Possibly in F7, the community wasn't ready yet to start thinking about the diversity of audit needs in different kinds of challenge.

On balance, the successful proposals did address the key challenge aim of making audit "efficient, distributed, and transparent"; but the challenge itself was perhaps not worded as well as it could have been. This meant that the more detailed metrics identified in the challenge do not reflect either Catalyst's audit needs at the start of Fund 7, or the focus of most of the successful proposals. It's interesting that both PAs and voters were able to see past the shortcomings of the challenge wording, and select a range of proposals that reflected what Catalyst actually needed at the time, which was not so much projects that would go ahead and start auditing, but rather the background thinking, tooling and research to enable the community to work out how to audit.

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## How many successfully funded proposals?

23 proposals were submitted; eight were funded, and a further three were approved but not funded.

The proportion of successful proposals in the F7 Auditability challenge is somewhat higher than average, as is often the case with small, specialised challenge settings. While audit is a topic that many people in Catalyst have a passing interest in, the skill and the interest to actually create an audit proposal seems to be a fairly specialised field; so this means the challenge was not oversubscribed; and the proportion of proposals that were poor, completely speculative, or short on understanding of Catalyst's actual needs, was somewhat lower than average.

Auditability F7 thus represents a slightly different approach to challenge-setting than has been common in Catalyst to date. It was a clear, specific, perhaps even "niche" challenge, and the challenge budget was sufficient to fund 1/3 of those who propose, rather than the usual lower proportion. This less competitive approach, where targeted funding is sufficient to support most of the better ideas in a challenge, there are fewer poor proposals, and a higher proportion of those submitting proposals have significant skill and experience in the field, is rather different from the usual situation, where all-comers, both expert and not, submit proposals, and the majority leave disappointed in a fiercely competitive free-for-all. This perhaps gives an insight into what might happen if Catalyst did progress to more targeted, specific pots of ongoing funding - it could enable us to begin to build skilled communities of practice around particular areas of work (be it auditability, open-source development, education, or community-building in a specific part of the world), and deter the submission of poor, ill-informed proposals.

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## A note on the PA ratings of F7 Auditability proposals

For the most part, there was a clear correlation between a high average PA score, and getting funded in this challenge. Unsuccessful proposals all had low PA ratings, ranging from 1.28 to 3.67; whereas most of the successful proposals had PA ratings of 4.5 and above. However, there were three successful proposals that scored lower, with PA scores ranging from 3.0 to 3.8.

It's interesting to note that a lower PA score does not seem to be a good predictor of how well a project will be realised if it's funded. Of these 3 lower-scoring successful proposals, one (*A portal to audit and release funds*) has disappeared without trace (the proposers did not provide PoL, and have therefore not claimed any of their funds); another (*Translation for Proposal API DATA*) was one of the earliest to successfully complete; and the third (*2MIN REVIEW Integrated Platform*) is stalled and waiting for input from IOG.

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## What kinds of proposals and teams were funded?

The budgets of the 8 funded proposals were modest: all \$19,000 or under, as would be expected in a relatively low-budget Challenge.

The majority of the proposal teams had at least one person with English as a first language.

The majority were proposed by a collaboration of several individuals (or a group plus an individual), rather than by a single team or company.

The majority sought to build a tool, or part of a tool, to enable audit; the others aimed to do some kind of research or community engagement

The proposals were all (naturally, given the nature of the challenge) focused inward on Catalyst itself rather than outward to the wider world; although one of them, ***Impact Measurements Tool - research***, did aim to look outward towards the UN's sustainable development goals.

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## Project progress, reporting, and completion

4 proposals (***Community Governance Oversight***, ***Translation for Proposal API DATA***, ***Impact Measurements Tool - research***, and ***Audit Circle***) are completed and officially closed out. ***Audit Circle*** closed out quite recently, and raised the issue that they had faced delays to creating their closing report and video because they had not budgeted enough for it, and team members naturally needed to focus on paid work. This underlines the issue that proposal teams need to know that it's acceptable to budget for their admin and project management tasks, from reporting, to documentation, to sharing their insights, to financial management.

One proposal (***A portal to audit and release funds*** <https://cardano.ideascale.com/c/idea/385201>) did not complete PoL and has never submitted a monthly report, and so has received none of its \$9,000 funding. Its proposers, The Ministry of Good Ideas, have had no activity on Ideascale since December 2021 and have not responded to contact from the Challenge Team. It seems possible that they are one of those rare proposals who never realised they had been funded. This is a pity, since

despite the relatively low PA rating that the proposal received at the time, it appears to be an idea whose time has come: the audit process it suggests is remarkably similar to the milestone-based funding now being piloted by IOG.

This situation, however, raises an issue: what should happen to the money that was earmarked for a proposal that disappears and never offers PoL? It seems wrong that it should simply stay in the treasury, when the community voted for it to be used in the way specified in the proposal. We suggest that after a decent interval and attempts to contact the proposal team, such a proposal (and its funding) should be offered out to the wider community. If another team can offer to execute the proposal as written, they should get the funds and the opportunity to do the work.

The remaining 3 proposals have faced blockers: they seem to have been scuppered by external delays, or by requests for input from IOG which seem to have gone unanswered.

One of them, **2MIN REVIEW integrated platform**, <https://cardano.ideascale.com/c/idea/384807> submitted only 2 monthly reports. These show that the team have built what they promised as far as they can, but that they are now (according to their second monthly report, in April 2022), “waiting for acceptance from IdeaScale to get proposals data.” It has not reported since then, so because it probably cannot get this approval due to data protection legislation, we can only assume it was unable to pivot in response to this blocker. It was meant to close out on 30th Aug 2022, and the proposers have not responded to contact.

Another blocked proposal, Dwane Collard and Jude Ebene’s **DAO-NET: Auditor DAO** <https://cardano.ideascale.com/c/idea/381404> was the highest-voted proposal in the Challenge. It diligently submitted 5 monthly reports, then stopped without closing out. The team’s last report said “*Solution relies upon third party wallets that are currently not functioning due to recent Vasil Hard Fork on Testnet. Project launch delayed as a result.*” Although Vasil has now been implemented, it may unfortunately have been too late for this project - the proposal team have not been active on Ideascale since the end of June 2022, the project’s testnet site <https://test.daocoders.net/> is now inaccessible, and though we tried to contact them, we had no reply. It looks as though a popular and hardworking proposal has been adversely affected by wider delays, to the extent that the project has not been able to complete..

It’s worth noting that given the low funding that F7 CTs had, no F7 team would have had the capacity to look into this and offer support (such as perhaps looking at whether the project could close out with a “what we’ve done so far”, and give some recommendations for future progress which perhaps another, future proposal could use). But in the future, perhaps that is what CTs should be doing with proposals who face insurmountable delays like this.

The last proposal, PACE’s **Progress and KPI reporting tool**, sought to build a reporting tool for progress and KPI reports, that could be used as an alternative reporting process with full open-access data. The proposal has done a lot of work, and has submitted 5 monthly reports, although it has not been able to close out. Superficially, this was due to simple difficulties in attracting sufficient users to test what it had produced; but the underlying issue speaks to a key problem for any proposal that seeks to implement a new methodology within Catalyst, be it for audit or anything else. Due to the (perhaps surprising) centralised nature of key aspects of Catalyst, such a proposal will inevitably face barriers when proposers do not see it as “authoritative” or “official”, because it is not sanctioned by IOG, and therefore do not use it.

The proposal’s last monthly report explains the situation:

*“Catalyst Contributors is a good avenue for this type of work who can be an authoritative source and receive ownership from IOG to support the auditing process. Full time contributors would be better*

*positioned to be more deeply involved with the product development workflow to ensure the outcomes of this work are to a good standard.*

*Without authority this proposal will have more limited outcomes in terms of attracting adoption and sufficient user testing. There is a need for more community ownership & authority and a better product development environment for this proposal to truly succeed. Due to these constraints some or all of this funding could be reallocated to the Catalyst or Cardano contributors treasury to bootstrap their liquidity as these full time contributors can have the right authority and product development environment to make the outcome more effective.”*

Again, a properly funded CT perhaps could have helped the proposal to close out with a report that highlights these insights, and/or could have helped the team enlist IOG support to (for example) suspend some proposals’ other monthly reporting responsibilities and allow them to pilot this new tool. But this was very much out-of-scope for this F7 challenge team, so the insights derived from this proposal’s work, and its value to the community, remain hidden.

#### **A note:**

While trying to interrogate the information in the monthly reporting spreadsheet, we realised how awkward and unwieldy it is to use, and how desperately Catalyst needs a public platform that allows progress data to be viewed, filtered and compared/analysed easily, via a nice, useable interface. Thankfully, this now seems to have been at least partially achieved with IOG’s new Catalyst website.

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## **Proposals’ achievements and value to the community**

Here, we will focus on the achievements of the 4 proposals that have closed out or completed.

**Community Governance Oversight** was an initiative which not only produced some significant insights into four key areas of governance, but also established the important principle of having a non-aligned group who are funded to give time to evaluating, auditing and analysing developments in Catalyst operation. [The project’s close-out report](#) gives more detail, but in broad terms this was a valuable initiative that would not have been possible without a challenge such as this. Arguably, CGO would have been even more suited to an overt “Governance” challenge; but given that Catalyst has not had one of those since Fund 5 (and, at the time of writing this report, still does not have one in place for F9 or F10), this demonstrates the importance of challenges such as Auditability, which allow the community to address governance by auditing governance processes.

**Impact Measurements Tool - research** This low-budget (\$6,000) proposal created [a whitepaper](#) on how to approach measuring impact and SDGs, and piloted its suggested approach with 20 proposals, mainly in Africa. Their research identified that Catalyst proposals are generally not measuring their impact; and that “*there is a need for a hybrid framework that is open to all, accessible, and presented to stakeholders in Catalyst to ensure projects are working towards the mission of Cardano ‘to make the world a better place’, and demonstrating clearly their return on intention (ROI)*” (quoted from their close out report).

This proposal was successful because it identified a cohort of 20 proposals with which to pilot its approach. Perhaps if it had attempted to implement its approach more widely, it might have faced similar issues to those facing PACE’s **Progress and KPI reporting tool** proposal mentioned above, i.e. proposers not seeing its suggested system as authoritative, and being wary of using it; but as an

initiative to begin to embed a consideration of impact, in line with Catalyst and Cardano's stated goals, it worked well. If, as an audit community, we can find ways in future to support adoption of a range of approaches to audit, and a range of audit systems, the positive effects of pilot projects like this one could be far-reaching.

**Translation for Proposal API DATA** A very low-budget proposal (\$3,475), that added significant value in terms of accessibility. LidoNation's final report explains that as a result of this proposal, Spanish users on their database grew by 55%, with an average reading time of 4.5 minutes. They also learnt that using machine translation can optimise human translation costs by up to 60%. They aim in future to expand their material translated into Spanish, Chinese and Japanese, and to translate it before voting starts. Although their report does not give any specific data on how far Spanish and Japanese speakers are actually using the translations to audit proposals, the main point is that it makes it possible to do so, should they want to.

**Catalyst Audit Circle** took a Circle-style approach, using a large and well-connected team to problem-sense audit issues across the community. They surfaced several important insights this way, as well as via a survey to funded proposers about audit issues, as shown [in its final report](#). One of its core insights was common to several other proposals in this challenge too - with audit processes, one size doesn't fit all. Audit Circle took quite a proposer-centric approach, looking to hear insights from proposers themselves, surface their perspectives, and look at how they participate in the audit process, rather than seeing audit as something that is "done to" proposals; particularly, it looked at the importance of proposers monitoring their work effectively, since without that data, audit is impossible. Some members of the Auditability CT were also part of this proposal team, and due to Audit Circle's broad reach, this was quite helpful in giving us as a CT another pathway to stay aware of developments in audit during Fund 7.

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## **"Has the challenge been addressed/solved?" and looking forward**

The challenge has been addressed, within limits that were partly shaped by its low-ish budget, and partly shaped by external factors such as the Vasil hardfork, the lack of access to IdeaScale data, or the essentially centralised nature of Catalyst.

This was the first time that an Auditability challenge had been funded, and one key success is that its very existence seems to have created a focus for the many conversations that were happening around audit in the Catalyst community immediately prior to F7 (perhaps particularly through the *Catalyst Audit Circle* project, which set out to offer just such a focal point). The challenge has also made the issue of auditability more prominent, and has enabled developers, builders, thinkers and community organisers to focus their talents on the issue of how we audit proposals.

It led to an Auditability challenge being funded again in F8, with double the budget and more submissions; the result was a smaller number of successfully funded proposals, but they had considerably bigger budgets than we saw in F7, and arguably a more serious and far-reaching scope.

Overall, we can say that F7 Auditability was an important and necessary "nursery" Challenge, and represented an important starting-point for the community to begin to address audit issues and think about what we mean by "audit". However, it came up against the problem of centralisation, and the fact that there are limits in Catalyst to how far any proposal, or the community in general, is able to

address anything related to how Catalyst actually operates when most of the decisions on this are currently in the hands of IOG.

In the longer term, we learnt that it's the thinking and ideation around audit that is important - developing new approaches, and looking at how they work. We'd like to see ongoing funding for Audit ideation in the community - this shouldn't be volunteer work. We'd also like to see the conditions created that would enable one of the original Challenge aims to be realised - the idea of different approaches to audit being used in different challenges, or on different types of project. Perhaps eventually there could be a range of audit pathways that proposers could choose from. Even if new audit methodologies were just pilots at first, it would be important for them to have clear support from IOG so that proposers know they will not be penalised for using them; and eventually, we'd hope to see an overall decentralisation of audit, so that different kinds of proposal can take an approach that suits what they are trying to achieve, and records their achievements and learnings in ways that make sense.

## **Final report video**

See <https://youtu.be/xRUv6lbwbNo>