

NewOrderDAO

Smart Contract Security Audit

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Visit: Halborn.com

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DOCUMENT REVISION HISTORY

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EXECUTIVE OVERVIEW

1.1 INTRODUCTION

NewOrderDAO engaged Halborn to conduct a security audit on their fee collector smart contract beginning on January 17th, 2022 and ending on January 24th, 2022. The security assessment was scoped to the smart contracts provided in the following GitHub repositories:

- new-order-network/GovernanceTokenV2
- new-order-network/disbursement-contracts
- new-order-network/one-way-swap

1.2 AUDIT SUMMARY

The team at Halborn was provided a week for the engagement and assigned a full-time security engineer to audit the smart contracts. The security engineer is a blockchain and smart-contract security expert with advanced penetration testing, smart-contract hacking, and deep knowledge of multiple blockchain protocols.

The purpose of this audit is to:

- Ensure that smart contract functions operate as intended
- Identify potential security issues with the smart contracts

In summary, Halborn identified some security risks that were addressed by NewOrderDAO team.

1.3 TEST APPROACH & METHODOLOGY

Halborn performed a combination of manual and automated security testing to balance efficiency, timeliness, practicality, and accuracy in regard to the scope of this audit. While manual testing is recommended to uncover flaws in logic, process, and implementation; automated testing techniques help enhance coverage of the bridge code and can quickly identify items

that do not follow security best practices. The following phases and associated tools were used throughout the term of the audit:

- Research into architecture and purpose
- Smart contract manual code review and walkthrough
- Graphing out functionality and contract logic/connectivity/functions (solgraph)
- Manual assessment of use and safety for the critical Solidity variables and functions in scope to identify any arithmetic related vulnerability classes
- Manual testing by custom scripts
- Scanning of solidity files for vulnerabilities, security hotspots or bugs. (MythX)
- Static Analysis of security for scoped contract, and imported functions. (Slither)
- Testnet deployment (Brownie, Remix IDE)

RISK METHODOLOGY:

Vulnerabilities or issues observed by Halborn are ranked based on the risk assessment methodology by measuring the LIKELIHOOD of a security incident and the IMPACT should an incident occur. This framework works for communicating the characteristics and impacts of technology vulnerabilities. The quantitative model ensures repeatable and accurate measurement while enabling users to see the underlying vulnerability characteristics that were used to generate the Risk scores. For every vulnerability, a risk level will be calculated on a scale of 5 to 1 with 5 being the highest likelihood or impact.

RISK SCALE - LIKELIHOOD

- 5 Almost certain an incident will occur.
- 4 High probability of an incident occurring.
- 3 Potential of a security incident in the long term.
- 2 Low probability of an incident occurring.
- 1 Very unlikely issue will cause an incident.

RISK SCALE - IMPACT

- 5 May cause devastating and unrecoverable impact or loss.
- 4 May cause a significant level of impact or loss.
- 3 May cause a partial impact or loss to many.
- 2 May cause temporary impact or loss.
- 1 May cause minimal or un-noticeable impact.

The risk level is then calculated using a sum of these two values, creating a value of 10 to 1 with 10 being the highest level of security risk.

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
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10 - CRITICAL

9 - 8 - HIGH

7 - 6 - MEDIUM

5 - 4 - LOW

3 - 1 - VERY LOW AND INFORMATIONAL

1.4 SCOPE

IN-SCOPE:

The security assessment was scoped to the following smart contracts:

- GovernanceTokenV2.sol
- DisbursementCliff.sol
- one-way-swap.sol

```
GovernanceTokenV2.sol Commit ID: e9cde694e53005e4504ae44d6462ee07e638a511
GovernanceTokenV2.sol Fixed Commit ID: 9a83d8dd7c02515ffd161b5356db90c0add5e8a0
```

```
DisbursementCliff.sol Commit ID: 4bc016a9daf9896c9bd602b132e2df70d8737c24
DisbursementCliff.sol Fixed Commit ID: d3c6d4a789dc370793a09a7d0d997c3cbf9fb073
```

one-way-swap.sol Commit ID: d2d2f724f3ae1652c138423bbe794a8ec3535b18 OneWaySwap.sol Fixed Commit ID: 12b93877647ad63bac85aaa65b2b4243f81392e8 IMPACT

2. ASSESSMENT SUMMARY & FINDINGS OVERVIEW

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
1	0	0	2	3

LIKELIHOOD

		(HAL-01)
(HAL-02)		
	(HAL-03)	
(HAL-04) (HAL-05) (HAL-06)		

SECURITY ANALYSIS	RISK LEVEL	REMEDIATION DATE
HALØ1 – OVERFLOW IN CALCMAXTRANSFERRABLE FUNCTION	Critical	SOLVED - 01/28/2022
HAL02 - UNCHECKED TRANSFER	Low	SOLVED - 01/28/2022
HAL03 - MISSING ZERO ADDRESS CHECKS	Low	SOLVED - 01/28/2022
HAL04 - SOLC 0.8.3 COMPILER VERSION CONTAINS MULTIPLE BUGS	Informational	SOLVED - 01/28/2022
HAL05 - POSSIBLE MISUSE OF PUBLIC FUNCTIONS	Informational	SOLVED - 01/28/2022
HAL06 - TIMELOCKTOKEN IS NOT PAUSABLE	Informational	SOLVED - 01/28/2022

FINDINGS & TECH DETAILS

3.1 (HAL-01) OVERFLOW IN CALCMAXTRANSFERRABLE FUNCTION - CRITICAL

Description:

In the contract, TimeLockToken the function calcMaxTransferrable() is used to calculate the maximum amount of transferrable tokens for an address:

```
Listing 1: GovernanceTokenV2.sol (Lines 131)
114 function calcMaxTransferrable(address who)
        public
        view
        returns (uint256)
118 {
        if(timelockedTokens[who] == 0){
            return balanceOf(who);
        uint256 maxTokens;
        if( vestTime[who] > block.timestamp || cliffTime[who] > block.
           timestamp){
           maxTokens = 0;
        } else {
            maxTokens = timelockedTokens[who] * (block.timestamp -
               vestTime[who]) / disbursementPeriod[who];
        if (timelockedTokens[who] < maxTokens){</pre>
          return balanceOf(who);
132 }
```

This function is called with every transfer because of the _beforeTokenTransfer() hook:

Listing 2: GovernanceTokenV2.sol (Lines 105) 100 function _beforeTokenTransfer(101 address from, 102 address to, 103 uint256 amount 104) internal virtual override { 105 uint maxTokens = calcMaxTransferrable(from); 106 if (from != address(0x0) && amount > maxTokens){ 107 revert("amount exceeds available unlocked tokens"); 108 } 109 }

An overflow can occur in the return balanceOf(who) - timelockedTokens[who] + maxTokens; line that will not allow the user to transfer any of his tokens, even if they are unlocked, until the end of the disbursementPeriod

Proof of Concept:

The Proof of Concept was executed using the following parameters:

- vestTime -> chain.time() = now()
- cliffTime -> chain.time() + 15768000 = 6 months
- disbursementPeriod -> 31536000 seconds = 1 year

Then:

- 1. Waited 6 months: chain.sleep(15768000).

- 5. After this, user2 has to wait until the end of the disbursementPeriod to be able to transfer his tokens.

Risk Level:

Likelihood - 5

Impact - 5

Recommendation:

It is recommended to fix the overflow and the overall logic of the calcMaxTransferrable() function.

Remediation Plan:

SOLVED: NewOrderDAO team solved this issue in the commit ID: e7547837502f1e48151a52acaaa5c722dca4c253:

3.2 (HAL-02) UNCHECKED TRANSFER -

Description:

In the contracts DisbursementCliff and OneWaySwap the return value of some external transfer calls are not checked. Several tokens do not revert in case of failure and return false. If that happened, for example in the DisbursementCliff contract, the withdrawnTokens state variable would be incorrectly updated and the calculation of the amount of vested tokens would be wrong. It is also considered a best practice to check the return value of a ERC20.transfer() call.

Code Location:

DisbursementCliff.sol

```
Listing 3: DisbursementCliff.sol (Lines 76,86)
67 function withdraw(address _to, uint256 _value)
       public
70 {
       uint maxTokens = calcMaxWithdraw();
       if (_value > maxTokens){
         revert("Withdraw amount exceeds allowed tokens");
       withdrawnTokens += _value;
       token.transfer(_to, _value);
77 }
80 function walletWithdraw()
       public
83 {
       uint balance = token.balanceOf(address(this));
       withdrawnTokens += balance;
       token.transfer(wallet, balance);
87 }
```

one-way-swap.sol

```
Listing 4: one-way-swap.sol (Lines 36,37,44)

32 function swap(uint256 amount)
33    public
34    whenNotPaused
35 {
36     oldToken.transferFrom(msg.sender, burnAddress, amount);
37    newToken.transfer(msg.sender, amount);
38 }
39
40 function burn(uint256 amount, string memory why)
41    public
42    whenNotPaused
43 {
44     oldToken.transferFrom(msg.sender, burnAddress, amount);
45    emit Burned(msg.sender, amount, why);
46 }
```

```
Listing 5: one-way-swap.sol (Lines 70)

66 function walletWithdraw(ERC20 token, uint256 amount, address destination)

67 public
68 onlyOwner
69 {
70 token.transfer(destination, amount);
71 }
```

```
Risk Level:
```

Likelihood - 1 Impact - 4

Recommendation:

It is recommended to use SafeERC20.

Remediation Plan:

SOLVED: NewOrderDAO team now makes use of SafeERC20.safeTransfer() and SafeERC20.safeTransferFrom() in all their token transfers.

3.3 (HAL-03) MISSING ZERO ADDRESS CHECKS - LOW

Description:

The constructor of the OneWaySwap contract is missing address validation. Every address should be validated and checked that is different from zero. This is also considered a best practice.

Code location:

```
Listing 6: one-way-swap.sol (Lines 24)

24 constructor(ERC20 oldToken_, ERC20 newToken_, address burnAddress_
)

25 {
26    oldToken = oldToken_;
27    newToken = newToken_;
28    burnAddress = burnAddress_;
29    _pause();
30 }
```

Risk Level:

Likelihood - 3 Impact - 2

Recommendation:

It is recommended to validate that every address input is different from zero.

Remediation Plan:

SOLVED: NewOrderDAO team added the zero address checks.

3.4 (HAL-04) SOLC 0.8.3 COMPILER VERSION CONTAINS MULTIPLE BUGS - INFORMATIONAL

Description:

Solidity compiler version 0.8.3, 0.8.4 and 0.8.9 fixed important bugs in the compiler. The version 0.8.3 set in the truffle-config.js file of the GovernanceTokenV2 project is missing all these fixes:

- 0.8.4
- 0.8.9

Code Location:

```
Listing 7: GovernanceTokenV2.sol

1 pragma solidity ^0.8.3;
```

Risk Level:

Likelihood - 1 Impact - 1

Recommendation:

It is recommended to use the most tested and stable versions, such as 0.6.12 or 0.7.6. Otherwise, if you still want to use $^{0.8.0}$, because of the new functionality it provides, it is recommended to use 0.8.9 version.

Remediation Plan:

SOLVED: NewOrderDAO team set in the truffle-config.js file the 0.8.9 version for the contracts GovernanceTokenV2 and OneWaySwap and the 0.6.12 version for the DisbursementCliff contract.

3.5 (HAL-05) POSSIBLE MISUSE OF PUBLIC FUNCTIONS - INFORMATIONAL

Description:

In the following contracts there are functions marked as public but they are never directly called within the same contract or in any of their descendants:

GovernanceTokenV2.sol

- newTimeLock() (GovernanceTokenV2.sol#70-85)
- balanceUnlocked() (GovernanceTokenV2.sol#158-160)

DisbursementCliff.sol

- withdraw() (DisbursementCliff.sol#67-77)
- walletWithdraw() (DisbursementCliff.sol#80-87)

one-way-swap.sol

- swap() (onewayswap.sol#32-38)
- burn() (onewayswap.sol#40-46)
- walletWithdraw() (onewayswap.sol#66-71)

Risk Level:

Likelihood - 1

Impact - 1

Recommendation:

If the functions are not intended to be called internally or by their descendants, it is better to mark all of these functions as external to reduce gas costs.

Remediation Plan:

SOLVED: NewOrderDAO team declared the mentioned functions as external to reduce the gas costs.

3.6 (HAL-06) TIMELOCKTOKEN IS NOT PAUSABLE - INFORMATIONAL

Description:

The contract TimeLockToken is not pausable/ownable. Even if this addition would add centralization it could be useful in case of an emergency, for example, the token could be paused in case of a cross-chain bridge hack.

Risk Level:

Likelihood - 1

Impact - 1

Recommendation:

In case of wanting to add an extra security layer, Halborn recommends making the contract pausable as a mitigation against external contract hacks.

Remediation Plan:

SOLVED: NewOrderDAO team created a Pausable variant of the TimeLockToken contract called GovernanceTokenPausable. NewOrderDAO team will decide which variant to deploy.

AUTOMATED TESTING

4.1 STATIC ANALYSIS REPORT

Description:

Halborn used automated testing techniques to enhance the coverage of certain areas of the scoped contracts. Among the tools used was Slither, a Solidity static analysis framework. After Halborn verified all the contracts in the repository and was able to compile them correctly into their ABI and binary formats, Slither was run on the all-scoped contracts. This tool can statically verify mathematical relationships between Solidity variables to detect invalid or inconsistent usage of the contracts' APIs across the entire code-base.

Slither results:

```
CovernanceTokenV2.sol

Tealcotton.mediacottumitid, unitatid, unita
```

```
DisbursementCliff.sol
one-way-swap.sol
```

• No major issues were found by Slither.

ERC20 checks:

```
GovernanceTokenV2.sol
# Check ERC20
## Check functions
[√] totalSupply() is present
         [√] totalSupply() -> () (correct return value)
         [√] totalSupply() is view
[√] balanceOf(address) is present
         [\slash] balanceOf(address) -> () (correct return value)
         [√] balanceOf(address) is view
[√] transfer(address,uint256) is present
         [√] transfer(address,uint256) -> () (correct return value)
         [√] Transfer(address,address,uint256) is emitted
[√] transferFrom(address,address,uint256) is present
         [\sqrt] transferFrom(address,address,uint256) -> () (correct return value)
         [\ensuremath{\checkmark}] Transfer(address,address,uint256) is emitted
[√] approve(address,uint256) is present
         [√] approve(address,uint256) -> () (correct return value)
         [√] Approval(address,address,uint256) is emitted
[√] allowance(address,address) is present
         [√] allowance(address, address) -> () (correct return value)
         [√] allowance(address,address) is view
[\checkmark] name() is present
         [\checkmark] name() -> () (correct return value)
[\checkmark] name() is view
[√] symbol() is present
         [√] symbol() -> () (correct return value)
         [√] symbol() is view
[\ensuremath{\checkmark}] decimals() is present
         [√] decimals() is view
## Check events
[√] Transfer(address,address,uint256) is present
         [\ensuremath{\checkmark}] parameter 0 is indexed
         [\ensuremath{\checkmark}] parameter 1 is indexed
```

```
[√] Approval(address,address,uint256) is present
         [√] parameter 0 is indexed
         [√] parameter 1 is indexed
# Check TimeLockToken
## Check functions
[√] totalSupply() is present
         [√] totalSupply() -> () (correct return value)
         [\checkmark] totalSupply() is view
[\ensuremath{\checkmark}] balanceOf(address) is present
         [√] balanceOf(address) -> () (correct return value)
         [√] balanceOf(address) is view
[√] transfer(address,uint256) is present
         [√] transfer(address,uint256) -> () (correct return value)
         [\ensuremath{\checkmark}] Transfer(address,address,uint256) is emitted
[\ensuremath{\checkmark}] transferFrom(address,address,uint256) is present
         [√] transferFrom(address,address,uint256) -> () (correct return value)
         [√] Transfer(address,address,uint256) is emitted
[√] approve(address,uint256) is present
         [√] approve(address,uint256) -> () (correct return value)
         [√] Approval(address,address,uint256) is emitted
[\!\!\ ] allowance(address,address) is present
         [\checkmark] allowance(address,address) -> () (correct return value) [\checkmark] allowance(address,address) is view
[\ensuremath{\checkmark}] name() is present
         [√] name() -> () (correct return value)
         [√] name() is view
[\checkmark] symbol() is present
         [√] symbol() -> () (correct return value)
[√] symbol() is view
[\checkmark] decimals() is present
         [√] decimals() -> () (correct return value)
         [√] decimals() is view
## Check events
[√] Transfer(address,address,uint256) is present
         [√] parameter 0 is indexed
         [√] parameter l is indexed
[\ensuremath{\checkmark}] Approval(address,address,uint256) is present
         [√] parameter 0 is indexed
         [√] parameter 1 is indexed
         [√] ERC20 has increaseAllowance(address,uint256)
         [√] TimeLockToken has increaseAllowance(address,uint256)
```

• All the Slither ERC20 checks were passed successfully.

THANK YOU FOR CHOOSING

