

Audit Report

Core Unit Name: IS  
Audit ID: 2021-12-IS001  
Audit Cycle: 2021 - 12 / 1  
Audit Date: 2021-12-14  
Facilitator contact: @psychonaut#7023

Core Unit Clarification Received on Date:  
<https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2021-12.md>



#	Audit Question					Audit Assessment	Core Unit’s Clarification	Immediate CU Action to Improve Monthly Budget Statement	Medium Term CU Action to Improve Monthly Budget Statement
	Audit Questions to the Structure of the Monthly Budget Statement and consistency with IS MIP40c3-SP42								
0.1	Are the sections in the Monthly Budget Statement in the right order: Actuals, Forecast, MKR vesting and Transfers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes			
0.2	Does the Actual section include breakdowns per wallet with Budget Category, Forecast, Actuals, Difference and Payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable as this is the first audit of the IS Monthly Budget Statement.			
0.3	Does the Budget Forecast cover 3 months with a summary and Budget Category breakdown?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the Budget Forecast section does not include a 3-month Summary.		IS should add a "Grand Totals" table at the top of its Budget Forecast section, within the next 5 days after receiving this report.	
0.4	Does the Budget Forecast summary and breakdown contain the quarterly budget caps for comparison?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, The quarterly budget caps are not included in the budget forecast summary or budget breakdown.		IS should add the quarterly budget caps for comparison in both the Grant Total and Quarterly Forecast tables in the Budget Forecast section, within the next 5 days after receiving this report.	
0.5	Does the Budget Forecast summary contain the Global/total budget cap?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the Budget Forecast summary does not include the total budget cap.		IS should add the Global/total budget cap to the Budget Forecast Summary, within the next 5 days after receiving this report.	
0.6	Are the Budget Forecast Breakdown categories in the Monthly Budget Statement the same as in the MIP40c3-SP42?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the Monthly Budget Statement has 4 budget categories, and the MIPc3-SP42 has 6 budget categories.		IS should restructure its Monthly Budget Statement to match the approved budget categories from their MIP40c3-Sp42, within the next 5 days after receiving this report.	
0.7	Is the Multi-sig wallet setup the same as described in the MIP40c3-SP42?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: IS Operational Wallet quorum (2:3)  Controlled by the IS Core Unit team Address: 0x124c759D1084E67B19a206ab85c4527Fab26c342 Signers 0x2BC5Fc5De1a83a9e4cDDfA138bAEd516D70414b 0xAcf835934eE40E0d5ee3F941E283499F8Ad97eD 0xFfC87601A80d3e4F0aF083a899e3fee203C23cF0			
0.8	Is the IS operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the IS operational wallet has a current policy of 2 out of 3 signers			
0.9	Has the IS auditor wallet received the initial seed funds from the protocol prior transfer to the IS Operational Wallet?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the auditor wallets has received 195,443 DAI from the protocol <a href="https://etherscan.io/tx/0xab810a967ba4a68862c4433ec4185fba1a3ff121bf4b38535a2aab4a8e9908a4">https://etherscan.io/tx/0xab810a967ba4a68862c4433ec4185fba1a3ff121bf4b38535a2aab4a8e9908a4</a> The MIP40c3-SP42 total budget cap less contingency buffer is 106,250 DAI. This initial transfer includes yearly and one time costs described in the MIP.			
0.10	Has the IS Operational wallet received a top-up after the audit of the last Monthly Budget Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable as this is the first audit of the IS Monthly Budget Statement.			
	Monthly Budget Statement - Section 1. Last Month Actuals -								
	Audit Questions to Section Monthly Budget Statement - Section 2. Budget Forecast -								
2.1	Does the Monthly Budget Statement display the MIP40c3-SP42 caps for both total and budget categories?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the Monthly Budget Statement does not display the quarterly caps		IS should include the MIP40c3-SP42 total and montly caps in the Monthly Budget Statement.	
2.2	Are the montly and quarterly budget caps (both totals and per category) the same as in the MIP40c3-SP42?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This control can only be made if the answer to the above question is yes.		Review and improve IS Budget MIP40c3-SP42	
2.3	Are the quarterly forecast within the bounds of the MIP40c3-SP42 budget caps?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The total budget forecast is 166,450, above the agreed MIP40c3-SP42 budget cap of 122,187.50. However, there are possible one-time expenses forecasted that do not relate to the MIP’s budget breakdown. The Budget Categories are also different than what was approved in the MIP40c3-SP42, which makes deciphering forecasts difficult.		IS should note below the Budget Breakdown categories if any approved one-time expenses are being used during certain months to increase the transparency of this report.	

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Approved

Approved with comments

Needs action before approval

Excluded

#	Audit Question					Audit Assessment	Core Unit's Clarification	Immediate CU Action to Improve Monthly Budget Statement	Medium Term CU Action to Improve Monthly Budget Statement
2.4	Are the monthly forecast totals within the MIP40c3-SP42 monthly budget cap?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The total of the Monthly Budget Forecast is above the agreed MIP40c3-SP4 monthly budget cap, however, there are possible one-time expenses that could be the reason for this. Again, Budget Categories are different in the Monthly Budget Statement compared to the approved MIP40c3-SP42. Overall, the Fees & Salary Costs are higher in Dec 2021 compared to Jan and Feb 2022. The total 12,083 matches the Facilitator and Deputy Facilitator monthly amounts from the MIP40c3-SP42 for Jan 2022 and Feb 2022, so an additional 2,200 DAI requires explanation for Dec 2021 Forecast. Contractor Fees are higher than approved in the MIP, with a 74,000 DAI cost forecasted in Feb 2022. This could potentially be the one-time cost detailed in the MIP but Core Unit will need to clarify.		IS should restructure their Budget Categories to reflect the approved MIP Budget Categories, and clarify in the text under the forecast if any amounts relate to approved one-time expenses to provide better clarity on budget allocations. Ideally, this should be completed in 5 days of receiving this report.	
Audit Questions to Section Monthly Budget Statement - Section 3. MKR Vesting Overview -									
3.1	Has IS indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the FTE is not included in the MKR Vesting overview section of the Monthly Budget Statement		IS should add the FTE to the MKR Vesting overview on the next Monthly Budget Statement.	
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP41?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This control can only be made if the answer to the above question is yes.			
3.4	Are the MKR vesting dates the same as in the MIP40c3-SP41?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The MKR vesting overview in the Monthly Budget Statement is correct.			
3.5	Has IS changed the MKR amounts comparing it to the MIP40c3-SP41?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	IS shows the MKR Amounts approved in MIPc3-SP41 as additions on this report. This is due to the Core Unit launching. The report shows the approved contributors as new hires to the CU, and amounts match.			
3.6	Has IS explained the MKR change in the Monthly Budget Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, IS explained that compared to last month (when the Core Unit wasn't operating) new new MKR additions on this report are for the approved MKR amounts for its contributors.			
Audit Questions to Section Monthly Budget Statement - Section 4. Transfers -									
4.1	Does the IS Operational Wallet balances match the Monthly Budget Statement current balance in the calculation made for the new transfer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, there is a perfect match.			
4.2	Are the payments from the operational wallet the same as in the actuals payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No transactions found.			