Audit Report

Core Unit Name: IS
Audit ID: 2022-04-IS001
Audit Cycle: 2022 - 04 /4
Audit Date: 06-24-2022
Audit Result: Approved with comments
Submission Date: 05-03-2022
Facilitator contact: @psychonaut#7023
Core Unit Clarification Received on Date: 07-05-2022
Transparency Report: https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-04.md
MIP4c2-SP17: https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869
MIP40c3-SP58: https://forum.makerdao.com/t/mip40c3-sp58-modify-core-unit-budget-immunefi-security-core-unit-budget-is-001/12598
MIP40c3-SP42: https://forum.makerdao.com/t/mip40c3-sp42-adding-immunefi-security-core-unit-budget-is-001/10813
MIP40c3-SP41: https://forum.makerdao.com/t/mip40c3-sp41-immunefi-security-core-unit-mkr-budget-is-001/10814

Color	Legend
Green	Approved
Yellow	Approved with comments
Orange	Needs action before approval
Red	Escalate

#	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-SP58					**Note.- IS Budget MIP40c3-SP58 was ratified on 02-28-2022 and MIP4c2-SP17 was ratified on 03-28-2022**			
0.1	Are the sections in the Monthly Budget Statement in the right order: Actuals, Forecast, MKR vesting and Transfers?	☑	☐	☐	☐	Yes.			
0.2	Does the Actual section include breakdowns with Budget Category, Forecast, Actuals, Difference, Payments and Reason for the diff. ?	☑	☐	☐	☐	Yes.			
0.3	Does the Budget Forecast summary contain the Qly budget cap?	☑	☐	☐	☐	Yes. IS has added the approved Bounty payout budget of 100,000 +15% per month from April 2022. https://mips.makerdao.com/mips/details/MIP40c3SP58#sentence-summary https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869			
0.4	Does the Budget Forecast cover 3 months with a summary and Budget Category breakdown?	☑	☐	☐	☐	Yes.			
0.5	Does the Budget Forecast summary and breakdown contain the budget caps for comparison?	☑	☐	☐	☐	Yes. IS has a periodic budget cap.			
0.6	Are the Budget Forecast Breakdown categories in the Monthly Budget Statement the same as in the MIP40c3-SP58 and MIP4c2-SP17?	☑	☐	☐	☐	IS added the bounty payout budget category in the Budget Forecast Breakdown.			
0.7	Is the Multi-sig wallet setup the same as described in the MIP40c3-SP58?	☑	☐	☐		Yes: IS Operational Wallet quorum (2:3) Controlled by the IS Core Unit team Address: 0x124c759D1084E67B19a206ab85c4527Fab26c342 Signers 0x2BC5fFc5De1a83a9e4cDDfA138bAEd516D70414b 0xAcAf835934eE40E0d5ee3F941E283499F8Ad97eD 0xFfC87601A80d3e4F0aF083a899e3fee203C23cF0			
0.8	Is the IS operational wallet controlled by more than 1 signer?	☑	☐	☐		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?	☑	☐	☐		**Yes, the auditor wallet has received 195,443 DAI from the protocol** https://etherscan. io/tx/0xab810a967ba4a68862c4433ec4185fbe1a3ff121bf4b38535a2aab4a8e9908a4 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 auditor wallet received the initial funds for the operational audits from the protocol prior transfer to the IS Operational Wallet?	☑	☐	☐		**Yes, the auditor wallet has received 138,000 DAI from the protocol on March 6, 2022** https://etherscan. io/tx/0x25a0b1ac21cb1a70f76d14687c56025133d987ebc37d6e538e7a5e7764083600			
0.11	Has the IS Operational wallet received a top-up after the audit of the last Monthly Budget Statement?	☑	☐	☐		Yes, the IS Operational wallet received 329,405 DAI as requested in the March 2022 Budget Statement. https://gnosis-safe.io/app/eth: 0x124c759D1084E67B19a206ab85c4527Fab26c342/transactions/history			
	Audit Questions to the Monthly Budget Statement - Section 1. Last Month Actuals -								
1.1	Is the actuals budget category breakdown the same as in the MIP40c3-SP58?	☑	☐	☐	☐	Yes.			
1.2	Is the transparency report actual´s forecast the same as the last published forecast for the same month?	☐	☑	☐	☐	Software and infrastructure was not forecasted in March 2022.			
1.3	Are the differences between forecast and actuals explained in the transparency report?	☑	☐	☐	☐	Yes.			
1.4	Are the IS actual expenses within the MIP40c3-SP458 total buget cap?	☑	☐	☐	☐	Yes.			
1.5	Are the IS actual expenses within the total MIP40c3-SP58 budget cap for the current quarter?	☑	☐	☐	☐	Yes.			

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1.6	Has the IS ChainSecurity fees any significant deviations between forecast and actuals?	☑	☐	☐	☐	Yes. The forecast is 10,000 and the actual expense is 0.	IS explains in the budget statement that the difference is due to " no usage."		
1.7	Are the Qly budget caps (both totals and per category) the same as in the MIP40c3-SP58?	☑	☐	☐	☐	Yes.			
1.8	Has the IS DeFi Safety any significant deviations between forecast and actuals?	☑	☐	☐	☐	Yes, the forecast is 5,100 and the actual expense is 0.	The difference is due to "no usage."		
1.9	Has the IS Facilitator fee any significant deviations between forecast and actuals?	☑	☐	☐	☐	Yes. The forecast is 2,083 and the actual expense is 0.	IS explains that this expense is defferred to the next month.		
1.10	Has the IS Deputy Facilitator fee any significant deviations between forecast and actuals?	☑	☐	☐	☐	The forecast is 10,000 and the actual expense is 0.	The difference is due to "deferred to next month"		
1.11	Has the IS Company set up fees any significant deviations between forecast and actuals?	☑	☐	☐	☐	No one time expenses registered for April 2022.			
1.12	Has the IS Gas fees any significant deviations between forecast and actuals?	☑	☐	☐	☐	Yes. The forecast is 1,000 and the actual expense is 1,749, this gives a negative difference of 749.	IS bouth 0.5 ETH for gas.		
1.13	Has the Immunifi fees any significant deviations between forecast and actuals?	☑	☐	☐	☐	Yes. The forecast is 35,000 and the actuals is 0.	IS explains in the budget statement that the difference is due to "wallet not set up"		
1.14	Has the IS Operational audit fees any significant deviations between forecast and actuals?	☑	☐	☐	☐	Yes. The forecast is 120,000 and the actuals is 0.	IS explains in the budget statement that the operational audits are not started yet.		
1.15	Has the IS Software and Infrastructure any significant deviations between forecast and actuals?	☑	☐	☐	☐	IS has corrected the software forecast actual. The forecast is 0 and the actual expense is 0.			
1.16	Has the IS presented the correct calculation of amounts for the actuals, forecast and difference?	☑	☐	☐	☐	Yes.			
1.17	Has the IS any budget category that seems inconsistent and needs further investigation?	☑	☐	☐	☐	No.			
1.18	Other observations	☑	☐	☐	☐	IS corrected March 2022 Actuals with real paid expenses.			
	Audit Questions to the Monthly Budget Statement - Section 2. Budget Forecast -								
2.1	Are the budget caps (both totals and per category) the same as in the MIP40c3-SP58 and MIP4c2-SP17?	☑	☐	☐	☐	IS has added the Bounty Payout budget category to its forecast for April, Maj, and June 2022. The IS CU has, per March 28th, 2022, an approved budget of 100,000 + 15% = 115,000 DAI per month to be used for bug bounty payments.			
2.2	Are the quarterly forecast within the bounds of the MIP40c3-SP58 and MIP4c2-SP17 budget caps?	☐	☑	☐	☐	No, the total Immunifi forecast is 65,000 and the total budget cap + buffer is 34,500. The deputy facilitator forecast total is 40,000 and the budget cap + buffer is 34,500. The total forecast facilitator is 14,583 and the budgetcap+buffer is 7,188.	IS explains that the higher forecast amounts is due to the delay in the payment of invoices.		
2.3	Are the quarterly forecast totals within the approved MIP40c3-SP58 and MIP4c2-SP17 budget caps?	☐	☑	☐	☐	The total forecast is within the approved Budget Cap + buffer, however some individual budget categories are over the individual budget Cap + Buffer.	IS explains that the higher forecast amounts is due to the delay in the payment of invoices.		
2.4	Has the IS presented the correct calculation of amounts in the Budget Forecast section?	☑	☐	☐	☐	IS has a periodic budget that is calculated based on the information given in the budget MIPs.			
2.5	Is there a year to date forecast versus expenses observation	☐	☑	☐	☐	There is a notorious delay in the use of funds.	IS will settle pending invoices as soon as the recipient´s wallets complet the setup.		
2.6	Other observations	☑	☐	☐	☐	IS corrected the the forecast as adviced in the April 2022 audit report V3.			
	Audit Questions to the Monthly Budget Statement - Section 3. MKR Vesting Overview -								

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3.1	Has IS indicated the number of FTE in the Monthly Budget Statement´s MKR vesting overview?	☑	☐	☐	☐	Yes.			
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP41?	☑	☐	☐	☐	Yes.			
3.3	Are the MKR vesting dates the same as in the MIP40c3-SP41?	☑	☐	☐	☐	Yes.			
3.4	Has IS changed the MKR amounts comparing it to the MIP40c3-SP41?	☑	☐	☐	☐	No.			
3.5	Has IS explained the MKR change in the Monthly Budget Statement?	☐	☐	☐	☐	This control can only be made if the answer to the above question is yes.			
	Audit Questions to the 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?	☑	☐	☐	☐	Yes, the balance is 279,045 DAI on March 31, 2022.			
4.2	Are the payments from the operational wallet the same as in the actuals payments?	☑	☐	☐	☐	Yes.			