Audit Report

Core Unit Name: Deco
Audit ID: 2023-02-Deco-001
Audit Cycle: 2023-02/ 1
Audit Date: 02-07-2023
Submission Date: 02-03-2023
Audit Result: Needs CU Action
CU contact: Vamsi Alluri
Core Unit Clarification Received on Date:
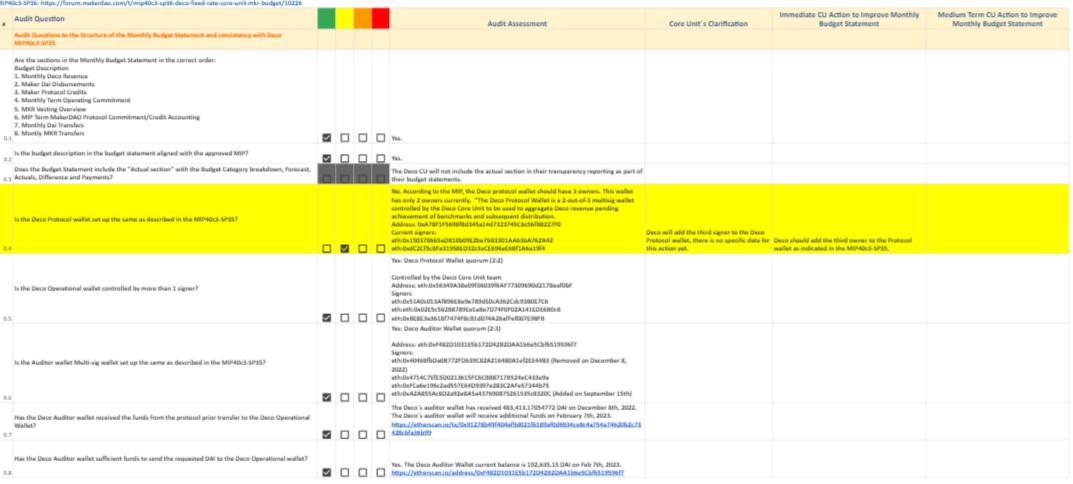**Transparency Report:** https://github.com/deco-protocol/maker-cu-transparency-reporting/blob/main/monthy-budget-statements/2023-02.md
MIP40c3-SP35: https://forum.makerdao.com/t/mip40c3-sp35-deco-fixed-rate-core-unit-budget/10225
MIP40c3-SP36: https://forum.makerdao.com/t/mip40c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10226

		Approved
		Approved with comments
		Needs action before approval
		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 Deco MIP40c3-SP35								
0.1	Are the sections in the Monthly Budget Statement in the correct order: Budget Description 1. Monthly Deco Revenue 2. Maker Dai Disbursements 3. Maker Protocol Credits 4. Monthly Term Operating Commitment 5. MKR Vesting Overview 6. MIP Term MakerDAO Protocol Commitment/Credit Accounting 7. Monthly Dai Transfers 8. Montly MKR Transfers	☑	☐	☐	☐	Yes.			
0.2	Is the budget description in the budget statement aligned with the approved MIP?	☑	☐	☐	☐	Yes.			
0.3	Does the Budget Statement include the "Actual section" with the Budget Category breakdown, Forecast, Actuals, Difference and Payments?	☐	☐	☐	☐	The Deco CU will not include the actual section in their transparency reporting as part of their budget statements.			
0.4	Is the Deco Protocol wallet set up the same as described in the MIP40c3-SP35?	☐	☑	☐	☐	No. According to the MIP, the Deco protocol wallet should have 3 owners. This wallet has only 2 owners currently. "The Deco Protocol Wallet is a 2-out-of-3 multisig wallet controlled by the Deco Core Unit to be used to aggregate Deco revenue pending achievement of benchmarks and subsequent distribution. Address: 0xA78F1F569B8d345a14d7323745C6c5bfB8227F0 Current signers: eth:0x150378b65aD818b09E2be76B3301AA63bA762A42 eth:0xdC2Cf5c8Fa31958ED32c3eCE696eE68f1A6a19f4	Deco will add the third signer to the Deco Protocol wallet, there is no specific date for this action yet.	Deco should add the third owner to the Protocol wallet as indicated in the MIP40c3-SP35.	
0.5	Is the Deco Operational wallet controlled by more than 1 signer?	☑	☐	☐	☐	Yes: Deco Protocol Wallet quorum (2:2) Controlled by the Deco Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d2178eaf0bF Signers eth:0x51A0c013Af896E8w9w7B9dE0cA362Cdc93B0E7C6 eth:eth:0x02E5c56288789Ee1a8e7D74F0F02A141EDE6B0c8 eth:0xBE8E3w361Bf7474F8c81d074A26afFef007E98FB			
0.6	Is the Auditor wallet Multi-sig wallet set up the same as described in the MIP40c3-SP35?	☑	☐	☐	☐	Yes: Deco Auditor Wallet quorum (2:3) Address: eth:0xF482D1031E5b172D42B2DAA1b6e5Cbf6519596f7 Signers: eth:0x40468fbDa0B772FD639C82A216480A1ef2EE4483 (Removed on December 8, 2022) eth:0x4714C7EfE5D0213615FC6C888717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75 eth:0xA2A855Ac8D2a92e8A5a437690875261535c832DC (Added on September 15th)			
0.7	Has the Deco Auditor wallet received the funds from the protocol prior transfer to the Deco Operational Wallet?	☑	☐	☐	☐	The Deco´s auditor wallet has received 483,413.17054772 DAI on December 8th, 2022. The Deco´s auditor wallet will receive additional funds on February 7th, 2023. https://etherscan.io/tx/0x91278b49f404ef9d021fb189af0d6934ce8c4a754a74620b2c73428cbfa36b99			
0.8	Has the Deco Auditor wallet sufficient funds to send the requested DAI to the Deco Operational wallet?	☑	☐	☐	☐	Yes. The Deco Auditor Wallet current balance is 192,635.15 DAI on Feb 7th, 2023. https://etherscan.io/address/0xF482D1031E5b172D42B2DAA1b6e5Cbf6519596f7			

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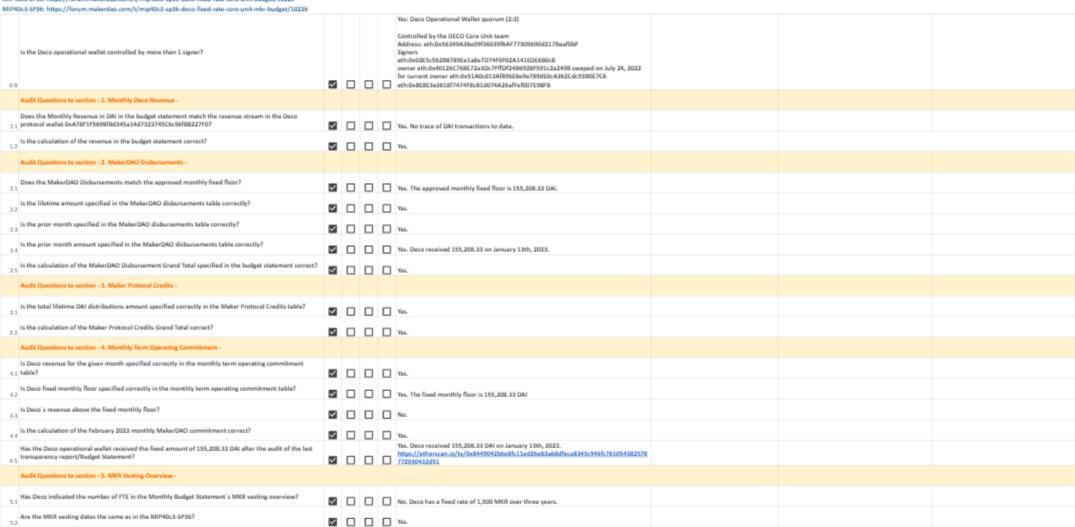**Audit Result:** Needs CU Action
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MIP40c3-SP35: https://forum.makerdao.com/t/mip40c3-sp35-deco-fixed-rate-core-unit-budget/10225
MIP40c3-SP36: https://forum.makerdao.com/t/mip40c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10226

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

#	Question	☑	☐	☐	☐	Comment
0.9	Is the Deco operational wallet controlled by more than 1 signer?	☑	☐	☐	☐	Yes: Deco Operational Wallet quorum (2:3) Controlled by the DECO Core Unit team Address: eth:0x56349A38e09f360391bAF77309690d2178eaf0bF Signers eth:0x02E5c562B8789Ee1a8e7D74F0F02A141EDE6B0c8 owner eth:0x40126C7b8E72a3Dc7FfDf24B6928F591c2a2498 swaped on July 24, 2022 for current owner eth:0x51A0c013Af89bE8e9x789dE0cA362Cdc93B0E7C6 eth:0xBE8E3e361Bf7474F8cB1d074A26afFef007E98FB
	Audit Questions to section - 1. Monthly Deco Revenue -					
1.1	Does the Monthly Revenue in DAI in the budget statement match the revenue stream in the Deco protocol wallet 0xA78F1F5698f8d345a14d7323745C6c56f88227F0?	☑	☐	☐	☐	Yes. No trace of DAI transactions to date.
1.2	Is the calculation of the revenue in the budget statement correct?	☑	☐	☐	☐	Yes.
	Audit Questions to section - 2. MakerDAO Disbursements -					
2.1	Does the MakerDAO Disbursements match the approved monthly fixed floor?	☑	☐	☐	☐	Yes. The approved monthly fixed floor is 155,208.33 DAI.
2.2	Is the lifetime amount specified in the MakerDAO disbursements table correctly?	☑	☐	☐	☐	Yes.
2.3	Is the prior month specified in the MakerDAO disbursements table correctly?	☑	☐	☐	☐	Yes.
2.4	Is the prior month amount specified in the MakerDAO disbursements table correctly?	☑	☐	☐	☐	Yes. Deco received 155,208.33 on January 13th, 2023.
2.5	Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?	☑	☐	☐	☐	Yes.
	Audit Questions to section - 3. Maker Protocol Credits -					
3.1	Is the total lifetime DAI distributions amount specified correctly in the Maker Protocol Credits table?	☑	☐	☐	☐	Yes.
3.2	Is the calculation of the Maker Protocol Credits Grand Total correct?	☑	☐	☐	☐	Yes.
	Audit Questions to section - 4. Monthly Term Operating Commitment -					
4.1	Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?	☑	☐	☐	☐	Yes.
4.2	Is Deco fixed monthly floor specified correctly in the monthly term operating commitment table?	☑	☐	☐	☐	Yes. The fixed monthly floor is 155,208.33 DAI
4.3	Is Deco's revenue above the fixed monthly floor?	☑	☐	☐	☐	No.
4.4	Is the calculation of the February 2023 monthly MakerDAO commitment correct?	☑	☐	☐	☐	Yes.
4.5	Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?	☑	☐	☐	☐	Yes. Deco received 155,208.33 DAI on January 13th, 2023. https://etherscan.io/tx/0x84490426be8fc11ed2be83a68dfeca8343c946fc761054382578772930432d51
	Audit Questions to section - 5. MKR Vesting Overview -					
5.1	Has Deco indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?	☑	☐	☐	☐	No. Deco has a fixed rate of 1,500 MKR over three years.
5.2	Are the MKR vesting dates the same as in the MIP40c3-SP36?	☑	☐	☐	☐	Yes.

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#	Question	☑	☐	☐	☐	Comment		Assessment
5.3	Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?	☑	☐	☐	☐	No.		
5.4	Has Deco explained the MKR change in the Monthly Budget Statement?	▨	▨	▨	▨	This control can only be done if the above question is yes.		
5.6	Is the amount of MKR for the next vesting amount March 2023 correct?	☑	☐	☐	☐	Yes. The amount is 125 MKR.		
5.7	Is the recipient multi-sig address "Auditor wallet eth address" specified correctly?	☑	☐	☐	☐	Yes. The Auditor wallet eth address in the transparency report is 0xF482D1031E5b172D42B2DAA1b6e5Cbf651959bf7		
	Audit Questions to section - 6. MIP Term MakerDAO Protocol Commitment/Credit Accounting -							
6.1	Is the specified month in the MIP Term MakerDAO Protocol Commitment /Credit Accounting table correct?	☑	☐	☐	☐	Yes.		
6.2	Is the grand total Lifetime DAI Distributions including the given month specified correctly in the table?	☑	☐	☐	☐	Yes.		
6.3	Is the grand total Lifetime MKR Distributions MKR specified correctly in the table?	☐	☐	☑	☐	Deco needs to review the MKR amount in this table. Deco has vested a total of 750 MKR. The operational wallet received 625 MKR.		Deco needs to review the MKR data as indicated under assessment.
6.4	Is the calculation of the Deco Revenue Credits in DAI to Maker Protocol correct?	☑	☐	☐	☐	Yes.		
6.5	Is the TOTAL Present Maker Protocol Advance to Deco Core Unit calculation correct?	☑	☐	☐	☐	Yes.		
	Audit Questions to section - 7. Monthly Dai Transfers -							
7.1	Does the Deco request for the new transfer match the monthly floor?	☑	☐	☐	☐	Yes.		
7.2	Is the recipient multi-sig address "operational wallet ETH address" specified correctly?	☑	☐	☐	☐	Yes. The multi-sig eth address is 0x56349A38e09f36039f6AF77309690d217Beaf0bF		
7.3	Is the MKR transfer amount corret?	☐	☐	☑	☐	There is no MKR transfer from the Deco Auditor wallet to the operational wallet in Feb 2023. The MKR transfer table needs t o be updated.		Deco needs to update the MKR transfer data as indicated under assessment.
7.4	Has the Operational wallet paid out the 500 MKR corresponding to the June 2022 Vest?	☑	☐	☐	☐	No.		
7.5	Has the Operational wallet paid out the 125 MKR corresponding to the September 2022 Vest?	☑	☐	☐	☐	No.		
7.6	Is the Lifetime MKR amount transferred to the Auditor wallet correct?	☑	☐	☐	☐	The latest vested MKR is the 125 MKR corresponding to Dec. 2022. The auditor wallet has received the 125 MKR.		
7.7	IS the Auditor wallet current MKR balance correct?	☑	☐	☐	☐	Yes.		
7.8	Does the Deco Operational wallet need to return excess funds to the Auditor wallet based on the February 2023 budget report?	☑	☐	☐	☐	No.		
7.9	Does Deco Auditor wallet need to return excess funds to the MakerDAO Protocol based on the February 2023 budget report?	☑	☐	☐	☐	No.		
7.1	Other observations	☐	☐	☑	☐	The Deco MKR lifetime table needs to update to February 2023.		Deco needs to correct the report as indicated under assessment.