

Audit Report

Core Unit Name: IS
Audit ID: 2022-02-IS001
Audit Cycle: 2022 - 02 / 3
Audit Date: 03-07-2022
Audit Result: Needs CU action
Iteration Date: 03-18-2022
Facilitator contact: @psychonaut#7023

Core Unit Clarification Received on Date: 03-18-2022

Transparency Report: <https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-02.md>
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>



| # | 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 | | | | | IS Budget MIP40c3-SP58 was ratified on 02-28-2022 | | | |
| 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 with Budget Category, Forecast, Actuals, Difference, Payments and Reason for the diff. ? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 0.3 | 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 Total budget cap is not in the summary. The calculation of the global budget amount in the MIP40c3-SP58 does not match the IS Budget total per category in the MIP40c3-SP58. IS has requested a new budget of 979,972.45 DAI, however according to the audit calculation they should have only requested 907,005 = 562,005.00 + 345,000.00 DAI. Clarification is scheduled for March 8th, 2022. | IS clarified that the difference is due to a calculation mistake. IS will correct the total budget in the MIP. | IS needs to correct the total budget in the MIP40c3-SP58 | |
| 0.4 | Does the Budget Forecast cover 3 months with a summary and Budget Category breakdown? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 0.5 | Does the Budget Forecast summary and breakdown contain the budget caps for comparison? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | IS has reviwed the summary budget cap and corrected it according with the new approved budget MIP. The Budget Cap summary does include the requested 40% for the operational audits. | | | |
| 0.6 | Are the Budget Forecast Breakdown categories in the Monthly Budget Statement the same as in the MIP40c3-SP58? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | IS added the apporved operational audits budget as a budget category in the Budget Forecast Breakdown. | | | |
| 0.7 | Is the Multi-sig wallet setup the same as described in the MIP40c3-SP58? | <input checked="" 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 0x28C5ffc5De1a83a9e4cDDfA138bAEd516D70414b 0xAcAf835934eE40E0d5ee3F941E283499F8Ad97eD 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes, the auditor wallet has received 195,443 DAI from the protocol https://etherscan.io/tx/0xab810a967ba4a68862c4433ec4185fbc1a3ff121bf4b38535a2aab4a8e9908a4 The MIP40c3-SP42 total budget cap less contingency buffer is 106,250 DAI. This initial transfer includes seed funds 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? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 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? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes, the IS Operational wallet received 33,082 DAI as requested in the January 2021 Budget Statement. https://etherscan.io/tx/0x0af93222da3297108043be180f70cc51cf17d440e075f2446a3de6e53fd635 | | | |
| | 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-SP42? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 1.2 | Is the transparency report actual’s forecast the same as the forecast the last published forecast for the same month? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | IS has replaced the January 2022 forecast with the last months published February 2022 forecast in the actuals section of the budget statement. | | | |
| 1.3 | Are the differences between forecast and actuals explained in the transparency report? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 1.4 | Are the IS actual expenses within the MIP40c3-SP458 total buget cap? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |

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| # | | | | | | | | | |
| 1.5 | Are the IS actual expenses within the total MIP40c3-SP42 budget cap for the current quarter? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 1.6 | Has the IS ChainSecurity fees any significant deviations between forecast and actuals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The forecast is 20,000 and the actual expense is 0. | No use of service in Feb 2022. | | |
| 1.7 | Has the IS Defi Safety any significant deviations between forecast and actuals? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Yes, the forecast is 10,000 and the actual expense is 5,100, this gives a difference of 4,900. | Defi Safety always invoices 5k. | If this is a fixed cost of 5k per month then IS needs to review why the cost is higher for Feb 2022 and provide the reason and adjust the forecast accordingly. | |
| 1.8 | Has the IS Facilitator fee any significant deviations between forecast and actuals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The forecast is 4,167 and the actual expense is 0. | Corp set up delay. | | |
| 1.9 | Has the IS Company set up fees any significant deviations between forecast and actuals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The forecast is 2,200 and the actual expense is 0. | Corp set up delay. | | |
| 1.10 | Has the IS Gas fees any significant deviations between forecast and actuals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The forecast is 1,000 and the actual expense is 839, this gives a difference of 161. | IS explains in the budget statement that the setup was done via CowSawp. | | |
| 1.11 | Has the Immunifi fees any significant deviations between forecast and actuals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The forecast is 20,000 and the actuals is 0. | Corp set up delay. | | |
| 1.12 | Has the IS payment fees any significant deviations between forecast and actuals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The forecast is 2,000 and the actuals is 0. | IS explains in the budget statement that the software and infrastructure expenses are delayed. | | |
| 1.13 | Has the IS presented the correct calculation of amounts for the actuals, forecast and difference? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 1.14 | Has the IS any budget category that seems inconsistent and needs further investigation? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | No. | | | |
| Audit Questions to the Monthly Budget Statement - Section 2. Budget Forecast - | | | | | | | | | |
| 2.1 | Are the monthly and quarterly budget caps (both totals and per category) the same as in the MIP40c3-SP58? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Fees Budget Cap 2,200 and the budget cap + buffer 2,530 is not displayed in the forecast table. | | The budget caps for the Fees category should be added to the forecast table, and the grand total should be corrected accordingly. | |
| 2.2 | Are the quarterly forecast within the bounds of the MIP40c3-SP58 budget caps? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. The summary contains the forecast for (Mar, Apr, May 2022). | | | |
| 2.3 | Are the quarterly forecast totals within the MIP40c3-SP58 quarterly budget cap? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | This and the following checks in this section can only be done after IS corrects the data in the Budget Forecast Section. (See audit report line 2.1) | | | |
| 2.4 | Has the IS presented the correct calculation of amounts in the Budget Forecast section? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| Audit Questions to the 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 3.2 | Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP41? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 3.3 | 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"/> | Yes. | | | |
| 3.4 | 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"/> | No. | | | |
| 3.5 | Has IS explained the MKR change in the Monthly Budget Statement? | <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. | | | |
| 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? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes, there is a perfect match. | | | |

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Approved

Approved with comments

Needs action before approval

Disapprove

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| 4.2 | Are the payments from the operational wallet the same as in the actuals payments? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |