

Audit Report

Workforce Team Name: CES-001
Team Lead Contact: @retro1428 (Discord)
Audit ID: CES001-2022-12/1
Audit Cycle: December 2022
Date Statement Submitted: 2023-01-31
Audit Date: 2023-02-01
SES
Audit Prepared By: GovAlpha
Auditor Signoff: YYY-MM-DD
Clarification Provided Date:
Audit Conclusion: Needs action before approval
SubAudit ID:
Transparency Report: <https://expenses.makerdao.network/core-unit/CES/finances/reports?viewMonth=Dec2022>
Approved Budget MIP: <https://mips.makerdao.com/mips/details/MIP40k3SP57/multisig-wallets>
Approved MKR MIP40k3-SP30 <https://mips.makerdao.com/mips/details/MIP40k3SP30/sentence-summary>



#	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
0	Structure of Monthly Budget Statement and Consistency with Approved Funding MIP40c3-SP57					Note: The assessment of the budget stament is based on the data published in Github and expense.makerdao.network.			
	0.1 Has the CU submitted the data no later than the last day of the following month?	✓	□	□	□	Yes.			
	0.2 Transfers?	✓	□	□	□	Yes.			
	0.3 Payments?	✓	□	□	□	Yes.			
	0.4 Does the budget forecast cover three months with summary and budget category breakdown?	✓	□	□	□	Yes.			
	0.5 Does the budget forecast summary and breakdown contain the quarterly budget caps for comparison?	✓	□	□	□	Yes.			
	0.6 Does the budget forecast summary contain the global/total budget cap?	✓	□	□	□	Yes.			
	0.7 Are the budget forecast categories in the transparency report the same as in the approved Funding MIP?	✓	□	□	□	Yes.			
0.8	Is the operational wallet multi-sig wallet setup the same as described in the approved funding MIP?					As of December 2022, the CES auditor wallet has the following signers: SES Accountant Role: 0xA2A855Ac8D2a92e8A5a437690875261535c8320C GovAlpha Auditor Role 0xDc85cE806d0574E5425b1e211b78d5af2728Df3 Yes. Transactions require the confirmation of 2 out of 2 owners.			
	0.9 Is the operational wallet controlled by more than one signer?	✓	□	□	□				
	0.10 Is the auditor wallet multi-sig wallet setup the same as described in the approved funding MIP?					The following signers were removed from the auditor wallet: eth:0x6Ef3026ef864c3998c08195E65d16D9cb42A512 eth:0xc8E6c287f6c127AfE5e4C830bC40607b44c35f8 eth:0xf63fEE2A663b04c85a09D0e6E3EB910d8442131D eth:0x86f2c2f1A278Ee8d92b16A69C4469731B4e3e5DF			
	0.11 Has the auditor wallet received funds from the protocol?	✓	□	□	□	The latest transaction received from the protocol is 619,082.10 DAI on December 9, 2022.			
	0.12 Has the auditor wallet sufficient funds to top up the operational wallet?	□	✓	□	□	No, the current balance is 67 656 DAI on February 1, 2023. SES and GovAlpha will coordinate the transfer of the funds to the CES auditor wallet.			
	Has the operational wallet received a top-up after the audit of the last transparency report?					CES has adopted the Auditing Process as of December 2022. Therefore audit of CES transparency reports starts with the Dec 2022 budget statement report.			
	0.13 Other observations	✓	□	□	□	No.			
	1	Review of Last Month's Actuals							
1.1	Is the actuals budget category breakdown the same as in the approved budget MIP?	✓	□	□	□	CES has adopted the standard MakerDAO budget categories.			Budget categories that were forecasted in the previous month should also be included in the budget report even if the value is 0.
	Is the transparency report actual's forecast the same as the forecast last published for the same month?					Yes. However travel and gas budget categories with 0 values that are forecasted in the Nov. 2022 report (expense.makerdao.network) are not presented in the actuals section.			
	1.2 Are the differences between forecast and actuals explained in the transparency report?	□	✓	□	□	Yes. However the differences should be also published in the Unit's finance page at expense.makerdao.expense.		CES should push the comment via the budget tool.	
	1.3 Are the actual expenses within the monthly budget cap?	✓	□	□	□	Yes.			
	1.4 Are the actual expenses within the Global/total approved budget cap?	✓	□	□	□	Yes.			
	Has the Compensation & Benefits any significant deviations between forecast and actuals?	✓	□	□	□	Yes. The forecast is 112,945.29 and the actual expense is 113,000.00, this gives a negative difference of 54.71.	CES explains in the budget report that the difference is die to "currency exchange rates."		
	1.6		✓	□	□				

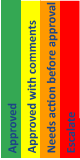
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Transparency Report:	https://expenses.makeraio.network/core-unit/CES/finances/reports?viewMonth=Dec2022
Approved Budget MIP:	https://mips.makeraio.com/mips/details/MIP40C3SP57#multisig-wallets
Approved MKR MIP40C3-SP30	https://mips.makeraio.com/mips/details/MIP40C3SP30#sentence-summary

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1.7	Has the Travel & Entertainment any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is no data in the Dec. 2022 budget statement to assess the Travel & Entertainment budget category.	CES explains in the budget report that the difference is due to "Lower due to dropping subscriptions no longer needed"		Budget categories that were forecasted in the previous month should also be included in the budget report even if the value is 0.
1.8	Has the Software Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 525.83 and the actual expense is 340.75 this gives a positive difference of 185.08.			
1.9	Has the Gas Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is no data in the Dec. 2022 budget statement to assess the Gas Expense budget category.			Budget categories that were forecasted in the previous month should also be included in the budget report even if the value is 0.
1.10	Has the Admin Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. the forecast is 155 and the actual expense is 205.99, this gives a negative difference of 50.99.	CES explains in the budget report that the difference is due to a "Forecasting error, neglected to include bank fees"		Suggestion: The admin expense amount should be adjusted based on this month's actual expense in future forecasts.
1.11	Has the Professional Services any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 3,000 and the actual expense is 5,950.39, this gives a negative difference of 2,950.39.	CES explains in the budget report that the difference is due to "Forecasting estimation error."		Suggestion: The Professional Services amount should be adjusted in future forecasts based on this month's actual expense.
1.12	Are the amounts for the actuals, forecast and difference correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.13	Has any budget category that seems inconsistent and needs further investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.14	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2	Review of Budget Forecast	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.1	Does the transparency report display the MIP's caps for both total and budget categories?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.2	Are the monthly and quarterly budget caps (both totals and per category) the same as in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Are the quarterly forecasts within the bounds of the approved funding MIP's budget caps?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.4	Are the monthly forecast totals within the approved funding MIP's monthly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.5	Are the calculation of amounts for the budget forecast correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3	Review of MKR Vesting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.1	Has the indicated the number of FTE in the transparency report's MKR vesting overview?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No the MIP40c3-SP30 has a 4 FTE the current is 3 FTE.			
3.2	Has the MKR vesting overview the same FTE comparing it to the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.		The MKR table should reflect original vesting dates and register the changes that happened in the Dec. 2022 report.	
3.3	Are the MKR vesting dates the same as in the approved MIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No.		The MKR table should reflect the changes that happened and explain the reason for the difference.	
3.4	Is the MKR total budget cap in the transparency report the same as in the approved MIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No.			
3.5	Has the MKR amounts changed comparing it to the last published transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dec. 2022 is the first transparency report.			
3.6	Has the MKR change(s) been explained in the transparency report?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No.		CES should explain the reason for the changes.	
3.7	Other observations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES needs to review the MKR data.			
4	Review of Transfers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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4.1	Does the IS Operational Wallet balances match the Monthly Budget Statement current balance in the calculation made for the new transfer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The amounts should show two decimals. The transfer amount in the budget report is 120,217.04 DAI, this should be corrected to 169,982.84. The current balance should be corrected to 117,734.16.		CES should review and correct the data in the MKR tables as indicated under assessment.	
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"/>	Yes.			
4.3	Are the MKR actuals in the MKR table correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No. The 966.49 MKR was sent from the MCD Pause Proxy directly to the CES operational wallet, the auditor wallet never received this amount.		CES needs to correct the auditor wallet transfer amount "Received from Protocol since Nov 1st, 2022" from 966.49 MKR to 96.15 MKR.	
4.4	Is the Auditor Wallet current balance in MKR correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No. The auditor wallet's current balance in the budget report is 58.52 MKR, and the current balance is 96.15 MKR.		CES must review and correct the auditor wallet transfer values in the budget report.	
4.5	Other observations	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Maintain the operational wallet data in one table and auditor wallet data in a separate table. In the auditor wallet table, change the title from SES auditor wallet to CES auditor wallet.		CES should review and correct the data in the MKR tables as indicated under assessment.	