Audit Report

Core Unit Name: IS
Audit ID: 2023-06-IS001
Audit Cycle: 2023-06/1
Audit Date: 2023-07-10
Audit Result: Approved with comments
Submission Date: 2023-03-29
Facilitator contact: @psychonaut#7023
Core Unit Clarification Received on Date:
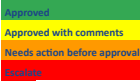MakerDAO Ecosystem Dashboard: http://167.71.32.135/core-unit/IS/finances/reports
Github Transparency Report: https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2023-06.md
MIP14c2-SP2: https://forum.makerdao.com/t/MIP14c2-SP2-modify-core-unit-budget-immunefi-security-core-unit-budget-is-001/12598
MIP4c2-SP17: https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869
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

| 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 IS MIP14c2-SP2					Note.- IS new budget request MIP12c2-SP2 https://forum.makerdao.com/t/mip14c2-sp2-subproposal-for-protocol-dai-transfer-to-fund-iscu-from-dec-2022-to-may-2023/19025 was approved. The funds are in the auditor wallet and it is the balance after returning funds to the dssblow. Therefore there is no new stream to send the new 6 months budget to IS. Governance has given the approval to continue the use of MIP14c2-SP2 remaining budget funds and the use of the Bug Hunter budget during the transition to Endgame.			
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.			
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.			
0.6	Has IS used the MakerDAO stantard buget categories in the budget statement?	☑	☐	☐	☐	Yes.			
0.7	Is the Multi-sig wallet setup the same as described in the MIP14c2-SP2?	☑	☐	☐	☐	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 MIP40c3-SP42.			
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?	☑	☐	☐	☐	No			
	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 MIP14c2-SP2?	☑	☐	☐	☐	IS has adopted the standard nomenclature per June 2022.		IS needs to pusblish the data at expense.makrdao.network.	
1.2	Is the transparency report actual´s forecast the same as the last published forecast for the same month?	☑	☐	☐	☐	Yes.		IS needs to pusblish the data at expense.makrdao.network.	
1.3	Are the differences between forecast and actuals explained in the transparency report?	☑	☐	☐	☐	Yes.			

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#	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
1.4	Are the IS actual expenses within the MIP14c2-SP2 total buget cap?	☑	☐	☐	☐	Yes.			
1.5	Are the IS actual expenses within the total MIP14c2-SP2 budget cap for the current quarter?	☐	☑	☐	☐	The MIP14c2-SP2 budget expired in Maj 2023.			
1.6	Has the Admin Expense any significant deviations between forecast and actuals?	☐	☐	☐	☐	No expense reported in this category.			
1.7	Has the IS Compensation and Benefits any significant deviations between forecast and actuals?	☑	☐	☐	☐	No			
1.8	Has the IS Professional Services any significant deviations between forecast and actuals?	☐	☐	☐	☐	No expense reported in this category.			
1.9	Has the IS Gas fees any significant deviations between forecast and actuals?	☐	☑	☐	☐	Yes. The forecast is 500 and the actual expense is 0.	"wallet still has plenty of ETH"		
2.0	Has the IS Software Development any significant deviations between forecast and actuals?	☐	☐	☐	☐	No expense reported in this category.			
2.1	Has the IS Software Expense any significant deviations between forecast and actuals?	☐	☐	☐	☐	No expense reported in this category.			
2.2	Has the IS presented the correct calculation of amounts for the actuals, forecast and difference?	☑	☐	☐	☐	Yes.			
2.3	Has the IS Actuals Section any budget category that seems inconsistent and needs further investigation?	☑	☐	☐	☐	No.			
2.4	Other observations	☐	☑	☐	☐	The MIP14c2-SP2 budget expired in Maj 2023. However, IS has the approval from Governance to continue operations with the remaining MIP14c2-SP2 funds until August 2023.			
	Audit Questions to the Monthly Budget Statement - Section 2. Budget Forecast -								
2.1	Are the budget caps the same as in the MIP14c2-SP2?	☑	☐	☐	☐	Yes.			
2.2	Are the quarterly forecast within the bounds of the MIP14c2-SP2 and MIP4c2-SP17 budget caps?	☑	☐	☐	☐	Yes.			
2.3	Are the quarterly forecast totals within the approved MIP14c2-SP2?	☑	☐	☐	☐	Yes.			
2.4	Has the IS presented the correct calculation of amounts in the Budget Forecast section?	☑	☐	☐	☐	Yes.			
2.5	Is there a year to date forecast versus expenses observation	☑	☐	☐	☐	No.			
2.6	Other observations	☐	☑	☐	☐	IS will continue operations during the Endgame transition and the Bug Bounty funds will continue to be streamed to IS.			
	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?	☑	☐	☐	☐	Yes. The FTE is as follows: - Facilitator 0 FTE - Deputy Facilitator 0.4			
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP41?	☐	☑	☐	☐	No. IS FTE is reduce from 0.8 to 0.4			

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3.3	Are the MKR vesting dates the same as in the MIP40c3-SP41?	☑	☐	☐		Change in FTE and manual pricing was triggered on Aug 5, 2022. Therefore the Vesting dates were updated. The Aug 5, 2023 is the next first vesting date instead of Dec 2022.			
3.4	Has IS changed the MKR amounts comparing it to the MIP40c3-SP41?	☑	☐	☐	☐	IS has added a new MKR vest schedule to MIP40c-SP41 https://forum.makerdao.com/t/mip40c3-sp41-immunefi-security-core-unit-mkr-budget-is-001/10814/3			
3.5	Has IS explained the MKR change in the Monthly Budget Statement?	☐	☑	☐	☐	Yes. In August 2022.	"FTEs were reduced from 1.2 to 0.8 (since July 2022) and manual pricing was triggered on Aug 5th, 2022."		IS should review the change in MKR due to the latest change in FTE.
	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.			
4.2	Are the payments from the operational wallet the same as in the actuals payments?	☑	☐	☐	☐	Yes.			
4.3	Has the IS Auditor wallet sufficient funds to top up the IS operational wallet?	☑	☐	☐	☐	Yes.			
4.4	Does IS Operational wallet need to return excess funds to the auditor wallet based on the June 2023 budget report?	☑	☐	☐	☐	No.			
4.5	Does IS Auditor wallet needs to return excess funds to the MakerDAO Protocol based on the April 2023 budget report?	☑	☐	☐	☐	No.			
4.6	Other observations	☐	☑	☐	☐	IS last month of service is July 2023, the current operational contains sufficient funds to pay for July 2023. The operational wallet balance is 5,900, therefore the request for transfer of funds in June 2023 is 0.00 DAI. IS will request a new budget. The MKR payment corresponding to the vested amount of August 2023 is pending. The auditor wallet balance is 487,216.9 DA on July 10th, 2023. IS will retunr the funds to the protocol once the status of hte bounty program in clarified in August 2023.			