

Audit Report

Core Unit Name: IS
Audit ID: 2022-03-IS001
Audit Cycle: 2022 - 03 /1
Audit Date: 04-11-2022
Audit Result: Needs CU action
Submission Date: 04-11-2022
Facilitator contact: @psychonaut#7023
Core Unit Clarification Received on Date:

Transparency Report: <https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-03.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>

#	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?	<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 Qly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. IS has added tje 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?	<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"/>	Yes.			
0.6	Are the Budget Forecast Breakdown categories in the Monthly Budget Statement the same as in the MIP40c3-SP58 and MIP4c2-SP17?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<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 0x2BC5Ffc5De1a83a9e4cDDfA138bAEd516D70414b 0xAcAf835934e40E0d5ee3F941E283499F8Ad97eD 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/0xab810a967ba4a68862c4433ec4185f8e1a3ff121bf4b38535a2aab4a8e9908a4 The MIP40c3-SP42 total budget cap less contingency buffer is 106,250 DAI. This initial transfer includes seed funds and the rest described in the same.			
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 128,022.66 DAI as requested in the February 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?	<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 last published forecast for the same month?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes. Events was not forecasted in the February 2022 budget statement.		Suggest to change the budget category name contingency buffer to events and activities or to travel cost is the expenses are related to travel.	IS should improve forecasting for the upcoming quarter.
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.			
1.5	Are the IS actual expenses within the total MIP40c3-SP58 budget cap for the current quarter?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			

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# Audit Question		Approved	Approved with comments	Needs action before approval	Disputed	Audit Assessment	Core Unit's Clarification	Immediate CU Action to Improve Monthly Budget Statement	Medium Term CU Action to Improve Monthly Budget Statement
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 10,000 and the actual expense is 3,877, the difference is positive 6,123.	IS explains in the budget statement that the difference is due to "ChainSecurity only charged usage per hour."		
1.7	Are the budget caps (both totals and per category) the same as in the MIP40c3-SP58?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.8	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 5,000 and the actual expense is 0, this gives a difference of positive 5000.	Missing explanation about the reason for the difference btw forecast and actual.	IS should add the reason for the diff.	
1.9	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"/>	No.			
1.10	Has the IS Deputy Facilitator fee any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast is 10,000 and the actual expense is 9,880, there is a difference of positive 120.	The difference is due to "adjust for ETH reimbursement."		
1.11	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 1,967, there is positive difference of 233.	The incorporation fees total is 1,967.		
1.12	Has the IS Gas fees any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 1,000 and the actual expense is 15, this gives a difference of 985.	Missing reason for the difference.	IS should always explain the reason behind the positive or negative difference.	
1.13	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 25,000 and the actuals is 0.	IS explains in the budget statement that the difference is due to "wallet not ready."		
1.14	Has the IS Operational audit 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 120,000 and the actuals is 0.	IS explains in the budget statement that the difference is due to "no hours charged yet."		
1.15	Has the IS Software and Infrastructure 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 847. There is a positive difference of 153.	IS explains in the budget statement that the NitroPad laptop cost is 847.		
1.16	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.			
1.17	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 budget caps (both totals and per category) the same as in the MIP40c3-SP58 and MIP4c2-SP17?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	IS has added the Bounty Payout budget category to its forecast for April, May, 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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Are the quarterly forecast totals within the approved MIP40c3-SP58 and MIP4c2-SP17 budget caps?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.4	Has the IS presented the correct calculation of amounts in the Budget Forecast section?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
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.			

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Approved

Approved with comments

Needs action before approval

Disapprove

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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, 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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			