## **Audit Report**

Core Unit Name: Deco

Audit ID: 2022-03-Deco003

Audit Cycle: 2022-03/1

Audit Date: 03-02-2022

Submission Date: 03-01-2022

Audit Result: Needs CU action

CU contact: Vamsi Alluri

Core Unit Clarification Received on Date:

 $Transparency \ \underline{Report:} \ \underline{https://github.com/deco-protocol/maker-cu-transparency-reporting/blob/main/monthy-budget-statements/2022-03.md$ 

Approved with comments

Needs action before approval

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

#	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 Maker DAO Protocol Commitment/Credit Accounting 7. Monthly Dai Transfers 8. Monthly MKR Transfers	<b>∨</b>		Deco removed the Monthly MKR transfers table from the structure of the report, the table will be added when Deco starts to request the actual transfer of MKR.	e		
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-SP3S?		<b>V</b>	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: 0xA78F1F5698f8d345a14d7323745C656f88227F0"  Current signers:	Deco will add the third signer to the Deco	Deco should add the third owner to the Protocol wallet as indicated in the MIP40c3-SP35.	
0.5	Is the Deco Protocol wallet controlled by more than 1 signer?	<b>~</b>		Yes: Deco Protocol Wallet quorum (2:2)  Controlled by the Deco Core Unit team Address: 0xx78F1F5698f8d345a14d7323745C6c56f88227F0 Signers eth:0x150378665aD818b09E2be76B3301AA63bA762A42 eth:0x452765eBra31958ED32c3aC6696e68f1A6a19f4			
0.6	Is the auditor wallet Multi-sig wallet set up the same as described in the MIP40c3-SP3S?			Yes: Deco Auditor Wallet quorum (2:3)  Address: eth:0xF482D1031E5b172D42B2DAA1b6e5Cbf6519596f7 Signers: eth:0x40468fbba08772FD639C82A216480A1ef2EE44B3 eth:0x4714C7EfE5D0213615F5C6CB88717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75			
0.7	Has the Deco auditor wallet received the initial seed funds from the protocol prior transfer to the Deco Operational Wallet?			Yes. The Deco auditor wallet has received 465,625 DAI on November 29, 2021 https://etherscan. io/tx/0xab810a967ba4a68862c4433ec4185fbe1a3ff121bfdb38535a2aab4a8e9908a4			
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 385,778.32315068 DAI https://etherscan.io/address/0xF482D1031E5b172D4282DAA1b6e5Cbf6519596f7			
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:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x02E5c562B8789Ee1a8e7D74F0F02A141EDE6B0c8 eth:0x040126C768E72a30c7Ff0F24B6928F931c2a2498 eth:0x8E8E3e3618f7474F8cB1d074A26afFef007E98FB			
	Audit Questions to section - 1. Monthly Deco Revenue -						

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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/2022-03.md

Approved with comments

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MIP40c3-SP36: https://forum.makerdao.com/t/mip40c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10226										
# 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			
Does the Monthly Revenue in DAI in the budget statement match the revenue stream in the Deco protocol 1.1 wallet 0xA78F1F5698f8d345a14d7323745C6c56f88227F0?	~				Yes. No trace of DAI transactions to date.					
1.2 Is the calculation of the revenue in the budget statement correct?			<b>✓</b>		Yes. However, the Prior Month indicated in the Dai Revenue table is January 2022. It needs to be updated.	Deco should update the Prior month in table 1.				
Audit Questions to section - 2. Maker DAO Disbursements -										
Does the MakerDAO Disbursements match the approved monthly fixed floor?	~				Yes. The approved monthly fixed floor is 155,208.33 DAI.					
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. The prior month is February 2022.					
Is the prior month amount specified in the MakerDAO disbursements table correctly?	~				Deco received 155,208.33 on February 14th, 2022.					
Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?	~				Yes. The grand total is 465,624.99.					
Audit Questions to section - 3. Maker Protocol Credits -										
Is the total lifetime DAI distributions amount specified correctly in the Maker Protocol Credits table?	~				Yes.					
Is the lifetime MKR distributions amount specified correctly in the Maker Protocol Credits Table?	✓				Yes.					
Is the calculation of the Maker Protocol Credits Grand Total correct?		<b>~</b>			No. The grand total amount in table 3 is zero.	Deco should review the grand total amount in table 3.				
3.3 Is the calculation of the Maker Protocol Credits Grand Total correct?  Audit Questions to section - 4. Monthly Term Operating Commitment -					No. The grand total amount in table 3 is zero.	Deco should review the grand total amount in table 3.				
5.3						Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?	<b>V</b>					Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?	<b>Y</b>				Yes. Yes. The fixed monthly floor is 155,208.33	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Decor revenue for the given month specified correctly in the monthly term operating commitment table?  Is Decofixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Decof srevenue above the fixed monthly floor?	<b>Y</b>				Yes.  Yes. The fixed monthly floor is 155,208.33  No.  Yes.	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco's revenue above the fixed monthly floor?  Is the calculation of the March 2022 monthly MakerDAO commitment correct?	<b>Y</b>				Yes.  Yes. The fixed monthly floor is 155,208.33  No.  Yes.  Yes. Deco received 155,208.33 DAI on February 14th, 2022.	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco's revenue above the fixed monthly floor?  Is the calculation of the March 2022 monthly MakerDAO commitment correct?  Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last	<b>Y Y Y</b>				Yes. The fixed monthly floor is 155,208.33  No.  Yes.  Yes. Deco received 155,208.33 DAI on February 14th, 2022.  https://etherscan.	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue above the fixed monthly floor?  Is the calculation of the March 2022 monthly MakerDAO commitment correct?  Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?	<b>Y Y Y Y</b>				Yes. The fixed monthly floor is 155,208.33  No.  Yes.  Yes. Deco received 155,208.33 DAI on February 14th, 2022.  https://etherscan.	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco's revenue above the fixed monthly floor?  Is the calculation of the March 2022 monthly MakerDAO commitment correct?  Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?  Audit Questions to section - 5. MKR Vesting Overview -  Has Deco indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?	<b>Y Y Y Y</b>				Yes. The fixed monthly floor is 155,208.33  No.  Yes. Yes. Deco received 155,208.33 DAI on February 14th, 2022. https://etherscan. io/tx/0xa9a4aaa1a7850fccf78a8c870aebc6c29f8010c77f1087ba859fde6676cb8e94  No. Deco has a fixed rate of 1,500 MKR over three years.	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco's revenue above the fixed monthly floor?  Is the calculation of the March 2022 monthly MakerDAO commitment correct?  Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?  Audit Questions to section - 5. MKR Vesting Overview -  Has Deco indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?  Are the MKR vesting dates the same as in the MIP40c3-SP36?  Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?					Yes.  Yes. The fixed monthly floor is 155,208.33  No.  Yes.  Yes. Deco received 155,208.33 DAI on February 14th, 2022. https://etherscan. io/tx/0xa9a4aaa1a7850fccf78a8c870aebc6c29f8010c77f1087ba859fde6676cb8e94  No. Deco has a fixed rate of 1,500 MKR over three years.  Yes.	Deco should review the grand total amount in table 3.				
Audit Questions to section - 4. Monthly Term Operating Commitment -  Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?  Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?  Is Deco's revenue above the fixed monthly floor?  Is the calculation of the March 2022 monthly MakerDAO commitment correct?  Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?  Audit Questions to section - 5. MKR Vesting Overview -  Has Deco indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?  Are the MKR vesting dates the same as in the MIP40c3-SP36?  Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?					Yes.  Yes. The fixed monthly floor is 155,208.33  No.  Yes.  Yes. Deco received 155,208.33 DAI on February 14th, 2022. https://etherscan. io/tx/0xa9a4aaa1a7850fccf78a8c870aebc6c29f8010c77f1087ba859fde6676cb8e94  No. Deco has a fixed rate of 1,500 MKR over three years.  Yes.	Deco should review the grand total amount in table 3.				

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