

Audit Report

Core Unit Name: Deco
Audit ID: 2022-01-Deco001
Audit Cycle: 2022-01/ 1
Audit Date: 01-27-2022
Submission Date: 01-04-2022
CU contact: Vamsi Alluri

Core Unit Clarification Received on Date:
Transparency Report: <https://github.com/deco-protocol/maker-cu-transparency-reporting/blob/main/monthly-budget-statements/2022-01.md>
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>

Approved

Approved with comments

Needs action before approval

Exclude

#	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								
	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 MakerDAO Protocol Commitment/Credit Accounting 7. Monthly Dai Transfers 8. Monthly MKR Transfers								
0.1		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Deco added a Monthly MKR transfers table to the structure of the report.			
0.2	Is the budget description in the budget statement aligned with the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.3	Does the Budget Statement includes the "Actual section" with the Budget Category breakdown, Forecast, Actuals, Difference and Payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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-SP35?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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: 0xA78F1F5698f8d345a14d7323745C6c56fB8227F0"		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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: DECO Protocol Wallet quorum (2:2) Controlled by the DECO Core Unit team Address: 0xA78F1F5698f8d345a14d7323745C6c56fB8227F0 Signers eth:0x150378665aD818b09E2be76B3301AA63bA762A42 eth:0xdC2Cf5cBFa31958ED32c3aCE696eE6Bf1A6a19f4			
0.6	Has the Deco auditor wallet received the initial seed funds from the protocol prior transfer to the DECO Operational Wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Deco auditor wallet has received 465,625 DAI on November 29, 2021 https://etherscan.io/tx/0xab810a967ba4a68862c4433ec4185fbc1a3ff121bf4b38535a2aab4a8e9908a4			
0.7	Is the Deco operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: DECO Operational Wallet quorum (2:3) Controlled by the DECO Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x02E5c562B8789Ee1a8e7D74F0F02A141EDE6B0c8 eth:0x40126C768E72a3Dc7FFfDf24B6928F591c2a2498 eth:0xB8E8E3e3618f7474F8cB1d074A26affef007E98FB			
	Audit Questions to the 1. Monthly Deco Revenue section								
1.1	Does the Monthly Revenue in DAI in the budget statement match the revenue stream in the Deco protocol wallet 0xA78F1F5698f8d345a14d7323745C6c56fB8227F0?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. No trace of DAI trx. before September 29, 2021.			
1.2	Is the calculation of the revenue in the budget statement correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
	Audit Questions to the 2. MakerDAO Disbursements section								
2.1	Does the MakerDAO Disbursements match the approved monthly fixed floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The approved monthly fixed floor is 155,208.33 DAI.			
2.2	Is the lifetime amount specified in the MakerDAO disbursements table correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No. If the rationale is the lifetime amount prior to December, then the amount should be = to 0.		Deco should review the data on the MakerDAO disbursements in the January 2022 Budget Statement.	

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2.3	Is the prior month specified in the MakerDAO disbursements table correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Deco received 155,208.33 on December 3, 2021 https://etherscan.io/tx/0x6e12417c74cba2db0a331891d06252e3a259e15e429abe728475ea530d7b7a46			
2.4	Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
Audit Questions to the 3. Maker Protocol Credits									
3.1	Is the total lifetime DAI distributions specified correctly in the Maker Protocol Credits table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.2	Is the lifetime MKR Distributions specified correctly in the Maker Protocol Credits Table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.3	Is the calculation of the Maker Protocol Credits Grand Total correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. The grand total amount in table 3. is zero.	Deco should review the grand total amount in table 3.		
Audit Questions to the 4. Monthly Term Operating Commitment									
4.1	Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.2	Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The fixed monthly floor is 155,208.33			
4.3	Is Deco's revenue above the fixed monthly floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
4.4	Is the calculation of the January 2022 monthly MakerDAO commitment correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.5	Has the DECO Operational wallet received a top-up after the last Monthly Budget Statement audit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Deco received 155,208.33 DAI on December 3, 2021 https://etherscan.io/tx/0x6e12417c74cba2db0a331891d06252e3a259e15e429abe728475ea530d7b7a46			
Audit Questions to Section Monthly Budget Statement - Section 5. MKR Vesting Overview -									
5.1	Has Deco 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"/>	No. Deco has a fixed rate of 1,500 MKR over three years.			
5.2	Are the MKR vesting dates the same as in the MIP40c3-SP36?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
5.3	Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
5.4	Has Deco 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 done if the above question is yes.			
Audit Questions to Section Monthly Budget Statement - Section 6. MIP Term MakerDAO Protocol Commitment/Credit Accounting -									
6.1	Is the specified month in the MIP Term MakerDAO Protocol Commitment /Credit Accounting table correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
6.2	Is the grand total Lifetime DAI Distributions including the given month specified correctly in the table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
6.3	Is the grand total Lifetime MKR Distributions @2.945 DAI/MKR specified correctly in the table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
6.4	Is the calculation of the Deco Revenue Credits to Maker Protocol correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
6.5	Is the TOTAL Maker Protocol Advance to Deco Core Unit calculation correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
Audit Questions to Section Monthly Budget Statement - Section 7. Monthly Dai Transfers -									

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Escalate

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7.1	Does the Deco request for the new transfer match the monthly floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
7.2	Is the recipient multisig address "operational wallet ETH address" specified correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
Audit Questions to Section Monthly Budget Statement - Section 8. Monthly MKR Transfers -									
8.1	Is the recipient multisig address specified correctly in the MKR Transfers table?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No.		Deco should add the wallets' address to the MKR transfer table.	
8.2	Is the amount of requested transfer correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			