

Audit Report

Core Unit Name: IS
Audit ID: 2022-11-IS001
Audit Cycle: 2022 - 11 /1
Audit Date: 2022-01-15
Audit Result: Approved with comments
Submission Date: 2022-12-25
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/2022-11.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 Assessment				Core Unit's Clarification	Immediate CU Action to Improve Monthly Budget Statement	Medium Term CU Action to Improve Monthly Budget Statement
Audit Question								
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"/>	The periodic approved budget expires in Nov. 2022.	IS needs to review the Budget Cap and Budget Cap+Buffer amount as the periodic approved budget expires in Nov. 2022.	
0.4	Does the Budget Forecast cover 3 months with a summary and Budget Category breakdown?	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The budget summary is not reported, however budget caps in the budget category breakdown are reported.		
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"/>	No. The IS-specific budget categories nomenclature was replaced with the SF standard chart of accounts nomenclature as of June 2022.		
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 0xAcf835934eE40E0d5ee3F941E283499F8Ad97eD 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/0xab810a967ba4a68862c4433ec4185fbc1a3ff121b4b38535a2a4b4a8e9908a4 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 MIP.		
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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. IS will return the operational funds to the auditor wallet.		
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"/>	The budget categories have adopted the standard nomenclature per June 2022. The MIP40c3-SP58 budget categories are therefore replaced with the standard budget categories in the IS budget statements.		
1.2	Is the transparency report actual's forecast the same as the last published forecast for the same month?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
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.		

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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.			
1.6	Has the Admin Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No expense reported in this category.			
1.7	Has the IS Compensation and Benefits any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.8	Has the IS 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 10,000 and the actual expense is 0.	The difference is due to " no ETH purchase this month."		
1.9	Has the IS Gas 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 1,000 and the actual expense is 0.	The difference is due to "no usage."		
2.0	Has the IS Software Development any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 100,000 and the actual expense is 0.			
2.1	Has the IS Software Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.	The difference is due to "BigBlueMeeting"		
2.2	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.			
2.3	Has the IS Actuals Section any budget category that seems inconsistent and needs further investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2.4	Other observations	<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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. IS is requesting a new budget to cover a 6 months runway.			
2.2	Are the quarterly forecast within the bounds of the MIP40c3-SP58 and MIP4c2-SP17 budget caps?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. IS is requesting a new budget to cover a 6 months runway.			
2.3	Are the quarterly forecast totals within the approved MIP40c3-SP58 and MIP4c2-SP17 budget caps?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. IS is requesting a new budget to cover a 6 months runway. The Forecast for Jan and Feb 2023 are within the requested budget cap.			
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.			
2.5	Is there a year to date forecast versus expenses observation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No			
2.6	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The new budget will be up for the executive vote in January 2023.			
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. The FTE in November 2022 is as follows: - Facilitator 0 FTE - Deputy Facilitator 0.8			
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"/>	No. IS FTE were reduce from 1.2 to 0.8.			

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3.3	Are the MKR vesting dates the same as in the MIP40c3-SP41?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Change in FTE and manual pricing was triggered on Aug 5, 2022. Therefore the Vesting dates were updated. The Aug 2023 is the next first vesting date instead of Dec 2022.			IS should update the MKR table with the complete vesting date M-D-Y e.g. Aug 5 - 2023
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. IS has added a new MKR vest schedule to MIP40c-SP41 https://forum.makerdao.com/t/mip40c3-sp41-immune-fi-security-core-unit-mkr-budget-is-001/10814/3			
3.5	Has IS explained the MKR change in the Monthly Budget Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.	"FTEs were reduced from 1.2 to 0.8 (since July 2022) and manual pricing was triggered on Aug 5th, 2022."		
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.			
4.2	Are the payments from the operational wallet the same as in the actuals payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			IS should add the amounts returned from the operational wallet to the auditor wallet in the Nov. 2022 report.
4.3	Has the IS Auditor wallet sufficient funds to top up the IS operational wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The auditor wallet will return funds to the Dssblow after receiving all the accrued funds from all the IS DAI streams.			
4.4	Does IS Operational wallet need to return excess funds to the auditor wallet based on the October 2022 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes IS will return all the funds in the operational wallet to the auditor wallet.			
4.5	Does IS Auditor wallet needs to return excess funds to the MakerDAO Protocol based on the November 2022 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.6	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			