

Audit Report



Approved
Approved with comments
Needs action before approval
Pending

Core Unit Name: Deco
Audit ID: 2023-01-Deco-001

Audit Cycle: 2023-01/ 1

Audit Date: 01-12-2023

Submission Date: 01-05-2023

Audit Result: Approved with comments

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/2023-01.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>

#	Audit Question	<div></div>	<div></div>	<div></div>	<div></div>	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	<div></div>	<div></div>	<div></div>	<div></div>				
0.1	Is the budget description in the budget statement aligned with the approved MIP?	<div></div>	<div></div>	<div></div>	<div></div>	Yes.			
0.2	Does the Budget Statement include the "Actual section" with the Budget Category breakdown, Forecast, Actuals, Difference and Payments?	<div></div>	<div></div>	<div></div>	<div></div>	Yes.			
0.3		<div></div>	<div></div>	<div></div>	<div></div>	The Deco CU will not include the actual section in their transparency reporting as part of their budget statements.			
	Is the Deco Protocol wallet set up the same as described in the MIP40c3-SP35?					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: 0xA78F1F5698B8d345a14d7323745C6c56fB8227F0 Current signers: eth:0x150378665d818b09E2be7683301AA63bA762A42 eth:0xdC2Cf5c8fA31958ED323cCE696eE68F1A6a19f4	Deco will add the third signer to the Deco Protocol wallet, there is no specific date for this action yet.		
0.4		<div></div>	<div></div>	<div></div>	<div></div>	Yes: Deco Protocol Wallet quorum (2:2)		Deco should add the third owner to the Protocol wallet as indicated in the MIP40c3-SP35.	
	Is the Deco Protocol wallet controlled by more than 1 signer?					Controlled by the Deco Core Unit team Address: eth:0x56349A38e0936039f6A77309690d2178eaf0bF Signers eth:0x51A0cd13Af896f68e9e7894E0cA362CdC9380E7C6 eth:eth:0x02E5c5628789E61a8e7D74F0D2A141ED680c8 eth:0xBEBE3e36187474F8c81d074A2baFFe007F98f8			
0.5		<div></div>	<div></div>	<div></div>	<div></div>	Yes: Deco Auditor Wallet quorum (2:3)			
	Is the Auditor wallet Multi-sig wallet set up the same as described in the MIP40c3-SP35?					Address: eth:0xF482D1031E5b172D42B2DAA1b6e5Cb66519596f7 Signers: eth:0x40468fbdA08772FD639C82A216480A1e2EE4483 eth:0x4714C7EF5D0213615FC6CB887178524eC433ae9a eth:0xFcA6e196c2ad557E64D9397e283C2AFe57344b75 eth:0xA2A855Ae8D2a92e8A5a437690875261535c8320C (Added on September 15th)			
0.6	Has the Deco Auditor wallet received the funds from the protocol prior transfer to the Deco Operational Wallet?	<div></div>	<div></div>	<div></div>	<div></div>	The Deco's auditor wallet has received 483,413.17054772 DAI on December 8th, 2022 https://etherscan.io/tx/0x91278b949f404e594021f6189a10d6934ce8c4d754a74620b2c73428c6f36b99			
0.7	Has the Deco Auditor wallet sufficient funds to send the requested DAI to the Deco Operational wallet?	<div></div>	<div></div>	<div></div>	<div></div>	Yes. The Deco Auditor Wallet current balance is 347,843.48040866 DAI on Jan 12th, 2023. https://etherscan.io/address/0xF482D1031E5b172D42B2DAA1b6e5Cb66519596f7 The request of funds is pending execution in the Deco Auditor wallet.			
0.8		<div></div>	<div></div>	<div></div>	<div></div>				

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	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:0c56349A38e09f5639f6AF77309604217Beaf0bF Signer's eth:0X02E5c56288789Ee1a8e7D74f0G2A141EDe680c8 owner eth:0x040126C768E723DC7FFD72486928F591C2a2498 swapped on July 24, 2022 for current owner eth:0x51A0c013A0896E8e9f789d6CA362CdC93B0E7C6 eth:0x8E8E3636187474F8C61d074A26afFe007F98F8		
0.9		✓	□	□	□			
	Audit Questions to section - 1. Monthly Deco Revenue -							
1.1	Does the Monthly Revenue in DAI in the budget statement match the revenue stream in the Deco protocol wallet 0x478F1F59886d345a14d7323745Cc56f82270?	✓	□	□	□	Yes. No trace of DAI transactions to date.		
1.2	Is the calculation of the revenue in the budget statement correct?	✓	□	□	□	Yes.		
	Audit Questions to section - 2. MakerDAO Disbursements -							
2.1	Does the MakerDAO Disbursements match the approved monthly fixed floor?	✓	□	□	□	Yes. The approved monthly fixed floor is 155,208.33 DAI.		
2.2	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.		
2.4	Is the prior month amount specified in the MakerDAO disbursements table correctly?	✓	□	□	□	Yes. Deco received 155,208.33 on December 12th, 2022.		
2.5	Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?	✓	□	□	□	Yes the Grand total was corrected as indicated in audit report v1.		
	Audit Questions to section - 3. Maker Protocol Credits -							
3.1	Is the total lifetime DAI distributions amount specified correctly in the Maker Protocol Credits table?	✓	□	□	□	Yes.		
3.2	Is the lifetime MKR distributions amount specified correctly in the Maker Protocol Credits Table?	✓	□	□	□	Yes.		
3.3	Is the calculation of the Maker Protocol Credits Grand Total correct?	✓	□	□	□	Yes.		
	Audit Questions to section - 4. Monthly Term Operating Commitment -							
4.1	Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?	✓	□	□	□	Yes.		
4.2	Is Deco fixed monthly floor specified correctly in the monthly term operating commitment table?	✓	□	□	□	Yes. The fixed monthly floor is 155,208.33 DAI		
4.3	Is Deco's revenue above the fixed monthly floor?	✓	□	□	□	No.		
4.4	Is the calculation of the December 2022 monthly MakerDAO commitment correct?	✓	□	□	□	Yes.		
4.5	Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?	✓	□	□	□	Yes. Deco received 155,208.33 DAI on December 15th, 2022. https://etherscan.io/tx/0x893131fdfe701b19e975b6c3ac6c90d12a5558f07c2a54647749a6ba71e38		
	Audit Questions to section - 5. MKR Vesting Overview -							
5.1	Has Deco indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?	✓	□	□	□	No. Deco has a fixed rate of 1,500 MKR over three years.		

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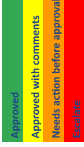
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5.2	Are the MKR vesting dates the same as in the MIP40c3-SP36?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.
5.3	Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>	This control can only be done if the above question is yes.
5.5	Is the amount of MKR for the next vesting amount March 2023 correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The amount is 125 MKR.
5.6	Is the recipient multi-sig address "Auditor wallet eth address" specified correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Auditor wallet eth address in the transparency report is 0x482D1031E5b172D42B2DAA1b6e5Cb6519596f7
5.7	Is the recipient multi-sig address "Auditor wallet eth address" specified correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Auditor wallet eth address in the transparency report is 0x482D1031E5b172D42B2DAA1b6e5Cb6519596f7
Audit Questions to 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"/>	<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"/>	<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"/>	<input type="checkbox"/>	Yes.
6.4	Is the calculation of the Deco Revenue Credits in DAI to Maker Protocol correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.
6.5	Is the TOTAL Present Maker Protocol Advance to Deco Core Unit calculation correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.
Audit Questions to section - 7. Monthly Dai Transfers -							
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"/>	<input type="checkbox"/>	Yes.
7.2	Is the recipient multi-sig address "operational wallet ETH address" specified correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The multi-sig eth address is 0x56349A38e09f36039f6AF77309690d217Beaf0bF
7.3	Is the MKR transfer amount correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The is no MKR transfer from the Deco Auditor wallet to the operational wallet in Jan 2023.
7.4	Has the Operational wallet paid out the 500 MKR corresponding to the June 2022 Vest?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.
7.5	Has the Operational wallet paid out the 125 MKR corresponding to the September 2022 Vest?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.
7.6	Is the Lifetime MKR amount transferred to the Auditor wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The amount is correct, however, the Auditor wallet still needs to receive the requested 125 MKR corresponding to Dec. 2022. The auditor wallet will receive the 125 MKR once the executive has passed in Jan 2023.
7.7	Is the Auditor wallet current MKR balance correct?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The current auditor balance at the time of this audit is 0 MKR, but the auditor wallet will receive the 125 MKR after the executive in Jan 2023.
7.8	Does the Deco Operational wallet need to return excess funds to the Auditor wallet based on the December 2022 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.
7.9	Does Deco Auditor wallet need to return excess funds to the MakerDAO Protocol based on the December 2022 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.