

Audit Report

Workforce Team Name:	CES-001
Team Lead Contact:	@retro#1428 (Discord)
Audit ID:	CES001-2023-01/1
Audit Cycle:	January 2023
Date Statement Submitted:	2023-02-03
Audit Date:	2023-02-11
Audit Prepared By:	SES
Auditor Signoff:	GovAlpha
Clarification Provided Date:	YYYY-MM-DD
Audit Conclusion:	Needs action before approval
SubAudit ID:	
Transparency Report:	https://expenses.makerdao.network/core-unit/CES/finances/reports?viewMonth=Jan2023
Transparency Report Github	https://hackmd.io/@0xRetro/HJf-mrwni
Approved Budget MIP:	https://mips.makerdao.com/mips/details/MIP40c3SP57#multisig-wallets

Approved
Approved with comments
Needs action before approval
Pending

#	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
	0 Structure of Monthly Budget Statement and Consistency with Approved Funding MIP					Note.- The assessment of the budget stament is based on the data published in Github and expense.makerdao.network.			
0.1	Has the CU submitted the data no later than the last day of the following month?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.2	Are the sections in the transparency report populated with data for Actuals, Forecast, MKR vesting and Transfers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.3	Does the actual section include breakdowns per wallet with Budget Category, Forecast, Actuals, Difference and Payments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.4	Does the budget forecast cover three months with 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 quarterly budget caps for comparison?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.6	Does the budget forecast summary contain the global/total budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.7	Are the budget forecast categories in the transparency report the same as in the approved Funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.8	Is the operational wallet multi-sig wallet setup the same as described in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As of December 2022, the CES auditor wallet has the following signers: SES Accountant Role: 0xA2A855Ac8D2a92e8A5a437690875261535c8320C GovAlpha Auditor Role 0xDc85cE806d057f4E5425b1e211b78d5af2728Df3			
0.9	Is the operational wallet controlled by more than one signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Transactions require the confirmation of 2 out of 2 owners.			
0.10	Is the auditor wallet multi-sig wallet setup the same as described in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The following signers were removed from the auditor wallet: eth:0xEeF3026eF864C9398c008195E65d16D9cb42a512 eth:0xc8E6c287F6c127AFE5e4CB30bC440607b44c35f8 eth:0xf63EfEE2A663b04cB5a09De6E3EB910d8442131D eth:0x86f2c2f1A278EeBd92b16A69C4469731B4e3e5DF			
0.11	Has the auditor wallet received funds from the protocol?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The latest transaction received from the protocol is 619,082.10 DAI on December 9, 2022.			
0.12	Has the auditor wallet sufficient funds to top up the operational wallet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the current balance is 67,655.974 DAI on February 10, 2023. SES and GovAlpha will coordinate the transfer of the funds to the CES auditor wallet.			
0.13	Has the operational wallet received a top-up after the audit of the last transparency report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES has adopted the Auditing Process as of December 2022. Therefore audit of CES transparency reports started with the Dec 2022 budget statement report. However, CES requested the transfer of funds to be based on the January 2023 budget report.			
0.14	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
	1 Review of Last Month's Actuals								
1.1	Is the actuals budget category breakdown the same as in the approved budget MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES has adopted the standard MakerDAO budget categories.			
1.2	Is the transparency report actual’s forecast the same as the forecast last published 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES needs to update the comments in the expense report at expense.makerdao.network.		CES needs to update the comments as indicated under assessment.	
1.4	Are the actual expenses within the monthly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.5	Are the actual expenses within the Global/total approved budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.6	Has the Compensation & Benefits any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 71,250.00 and the actual expense is 67,543.40, this gives a positive difference of 3,707.	CES explains in the budget report that the difference is due to "Lower due to not hiring an admin."		
1.7	Has the Travel & Entertainment any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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1.8	Has the Software Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 301.00 and the actual expense is 905.35, this gives a negative difference of 604.35.	CES explains in the budget report that the difference is due to "Higher due to setting up new email domain."		
1.9	Has the Gas Expense 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 and the actual expense is 0. CES did not purchased ETH for gas this month.	CES explains in the budget report that the difference is due to "Standard Gas forecast, no gas used."		
1.10	Has the Admin Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 155 and the actual expense is 50.84, this gives a positive difference of 104.16.	CES explains in the budget report that the difference is due to "Lower than forecasted exchange and banking fees."		
1.11	Has the Professional Services any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast is 20,500 and the actual expense is 4,293.46, this gives a positive difference of 16,206.44.	CES explains in the budget report that the difference is due to "Lower than forecasted transition expenses."		
1.12	Are the amounts for the actuals, forecast and difference correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.13	Has any budget category that seems inconsistent and needs further investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.14	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2 Review of Budget Forecast									
2.1	Does the transparency report display the MIP’s caps for both total and budget categories?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.2	Are the monthly and quarterly budget caps (both totals and per category) the same as in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Are the quarterly forecasts within the bounds of the approved funding MIP’s budget caps?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.4	Are the monthly forecast totals within the approved funding MIP’s monthly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.5	Are the calculation of amounts for the budget forecast correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3 Review of MKR Vesting									
3.1	Has CES the indicated the number of FTE in the transparency report’s MKR vesting overview?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.2	Has CES the MKR vesting overview the same FTE comparing it to the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No the MIP40c3-SP30 has a 4 FTE the current is 3 FTE.			
3.3	Are the MKR vesting dates the same as in the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. CES has updated the MKR vesting dates with the correct dates.			
3.4	Is the MKR total budget cap in the transparency report the same as in the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES has an approved budget cap of 2,889.46 MKR. The current CES Total MKR is 1,430.52. CES has paid out 907.97 MKR to date. The CES auditor wallet has received the 96.15 out-of-schedule MKR, and the operational wallet has a current balance of 58.52 MKR.	CES explanation of the 21-Nov-2022 out of schedule MKR https://forum.makerdao.com/t/interim-facilitator-assessment-for-ces-001/19196#total-mkr-vests-paid-out-13		
3.5	Has CES the MKR amounts changed comparing it to the last published transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
3.6	Has CES the MKR change(s) been explained in the transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No changes since the last transparency report.			
3.7	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
4 Review of Transfers									
4.1	Does the CES Operational Wallet balance 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 current balance in the transparency report is 45,734.157 and the current balance in the operational wallet is 45,734.157.			

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4.2	Are the payments from the operational wallet the same as in the actuals payments?					No the 40,776 in the report are related to the December 2022 and the 72,000 are related to January 2023.		CES needs to review the Tranfers/payments and correct the amount to 72,000 DAI. https://etherscan.io/tx/0xdd5ae41fc46ac06057c41e23fe0106f7eb07cc636c836159f0c8fd386ce10c9a CES needs to add a comment with the reason for the difference between the Actuals and the Payments. E.g., if the difference is due to exchange rates (amount) due to a positive or negative buffer with the payroll provider, etc.	
4.3	Is the lifetime transfer of DAI from the protocol to the auditor wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.4	Is the DAI amount received in the auditor wallet from the operational wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.5	Is the lifetime transfer of DAI from the auditor wallet to the operational wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.6	Is lifetime returned amount from the auditor wallet to Dssblow correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.7	Are the MKR actuals in the MKR table correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The current balance in the transparency report is 45,734.157 and the current balance in the operational wallet is 45,734.157.			
4.8	Is the lifetime transfer of MKR from the protocol to the auditor wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The auditor wallet has recieved 96.15 MKR since inception.			
4.9	Is the lifetime transfer of MKR from the auditor wallet to the operatinal wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.1	Is the auditor wallet current balance in MKR correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The MKR balance in the auditor wallet is 96.15 MKR on February 11, 2023			
4.11	Is the received MKR amount from the protocol in the operational wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The operational wallet received directly from the protocol 966.49 MKR.			
4.12	Is the lifetime transfer of MKR to the Permanent team correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. CES has paid out from the operational wallet a total of 907.97 MKR to date.			
4.13	Is the operational wallet current balance in MKR correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The MKR balance in the operational wallet is 58.52 MKR on February 11, 2023			
4.14	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			