

Audit Report

Core Unit Name: RWF-001

Audit ID: 2022-01-RWF-001

Audit Cycle: 2022-01/1

Audit Result: Approved with comments

Audit Date: 03-15-2022

Submission Date: 03-15-2022

Facilitator contact: @will

Core Unit Clarification Received on Date:

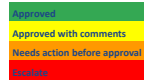
Transparency Report: <https://github.com/makerdao-rwf001/transparency-reporting/blob/main/monthly-budeet-statements/2022-01.md>

MIP40c3-SP39: <https://forum.makerdao.com/t/mip40c3-sp39-modify-core-unit-budget-rwf-001/10543>

MIP40c3-SP38: <https://forum.makerdao.com/t/mip40c3-sp38-real-world-finance-core-unit-mkr-compensation-rwf-001/10447>

MIP40c3-SP61: <https://forum.makerdao.com/t/mip40c3-sp61-modify-core-unit-budget-real-world-finance-rwf-001/13152>

RWF-001 Auditor Flow: <https://forum.makerdao.com/t/rwf-001-auditor-flow/12900>



#	Audit Question					Audit Assessment	Core Unit's Clarification	Immediate CU Action to improve transparency report	Medium Term CU Action to improve transparency report
	Audit Questions to the Structure of the transparency report and consistency with MIP40c3-SP39.					Note - The RWF-001 has submitted a budget modification MIP40c3-SP61 that is subject to approval.			
0.1	Are the sections in the transparency report 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 per Budget Category, Forecast, Actuals, Difference and Payments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.3	Does the budget forecast cover 3 months with summary and budget category breakdown?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.4	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.			
0.5	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.			
0.6	Are the budget forecast categories in the transparency report the same as in the MIP40c3-SP39?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The data infrastructure category is not reflected in the budget category breakdown as the RWF-001 will not allocate any resources to this category going forward. The budget forecast categories are consistent with the budget categories in the budget MIP40c3-SP61.			
0.7	Is the Multi-sig operational wallet setup the same as described in the RWF-001 Auditor Flow?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: RWF-001 Operational Wallet quorum (2:3) Controlled by the RWF-001 Core Unit team Address: 0xD1505ee500791490DE8642353BA6A5b92e3550F7 Signers: 0x44d2509074993b858c5486d276ebD3816FC93A68 0xc8F6c287F6c127AF5e4CB30bC440607b44c35f8 0xDe0FF661Fb2d06d4F787dd23A579D64c6989BdA1			
0.8	Is the RWF-001 operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the RWF-001 operational wallet has a current policy of 2 out of 3 signers			
0.9	Has the RWF-001 new operational wallet received the funds requested in the last Budget Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The RWF-001 requested amount is 537,361 DAI. However, the operational wallet received 343,348.82 DAI on February 14, 2022, due to insufficient funds in the RWF-001 Auditor wallet.			
0.10	Is the Multi-sig auditor wallet setup the same as described in the RWF-001 Auditor Flow?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: RWF-001 Auditor Wallet quorum (2:2) Controlled by the RWF-001 Core Unit team Address: 0x96d7b01Cc25B141520C717fa369844d34FF116ec Signers: Accountant Role Wallet 0xA2A855Ac8D2a92e8A5a437690875261535c8320C Auditor Role Wallet 0xB2da57e224949acDDe173a5bA8160c023ea86e6			
0.11	Has the RWF-001 auditor wallet receive the funds from the protocol prior transfer to the new RWF-001 wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The RWF-001 auditor wallet has received 274,399.4671 DAI from the phased out RWF operational wallet and 68,949.35 DAI from the protocol. https://etherscan.io/address/0x96d7b01Cc25B141520C717fa369844d34FF116ec#tokensxns The current balance of the RWF is 0.			
Transparency Report - Section 1. Last Month Actuals -									
1.1	Is the actuals budget category breakdown the same as in the MIP40c3-SP61?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, except the budget category Data-infrastructure is part of the approved old budget structure in MIP40v3-SP39.			
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.			

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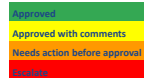
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1.3	Are the differences between forecast and actuals explained in the transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.4	Are the RWF-001 actual expenses within the montly approved MIP40c3-SP39 buget cap?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. The actual expenses for Jan 2022 are beyond the approved monthly budget; however, the RWF-001 budget has an approved budget of 1,860,000 Dai that covers the period 2022-01-01 to 2022-12-31.			
1.5	Are the RWF-001 actual expenses within the Global/total MIP40c3-SP39 budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.6	Has the RWF-001 Compensation fees any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the compensation category presents a high deviation, the forecast for Jan 2022 is 90,147 and the actual expense is 118,697, which gives a difference of -28,550. The RWF-001 explains in the budget statement that this significant deviation is due to an increased capacity from 50% to 80-90% and contractors' back payments.			
1.7	Has the RWF-001 Professional Services any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, there is a significant deviation between the forecast and actuals in the professional services category, the prognosis is 20,000, and the actual expense is 87,536.10, which gives a difference of -67,536.10. The RWF-001 CU explains in the budget statement that this difference is due to "the previous budget for legal services being insufficient to deal with lender review of SocGen and Monetalis structures."			
1.8	Has the RWF-001 Real-world structures fees any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.9	Has the RWF-001 Payment fees any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the payment fees forecast is 5,508.82, and the actual expense is 9,952.99, which gives a negative difference of 4,444.17. This is due to a higher amount of DAI processed by Accountable for payments.			
1.10	Has the RWF-001 Gas fees any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.11	Has the RWF-001 Software Costs any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.12	Has the RWF-001 Travel Costs any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.13	Has the RWF-001 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.			
1.14	Has the RWF-001 any budget category that seems inconsistent and needs further investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
Audit Questions to Transparency Report - Section 2. Budget Forecast -									
2.1	Does the transparency report display the summary of the MIP40c3-39 approved caps for both total and budget categories?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The budget statement displays the MIP40c3-39 approved budget caps and includes the new requested budget MIP40c3-61 quarterly cap.			
2.2	Are the monthly and quarterly budget caps (both totals and per category) the same as in the MIP40c3-39?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The budget forecast section displays the approved budget caps and the new requested budget cap by the RWF-001, which is currently in the formal submission stage.			
2.3	Are the monthly forecast totals within the MIP40c3-39 monthly budget cap?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Although the Feb 2022 monthly forecast is within the MIP40c3-SP39 approved monthly budget, the quarterly total estimate is 65% above the approved quarterly budget. There is a significant increase in FTEs and Professional legal services for March and April 2022.			
2.4	Are the quarterly forecast within the bounds of the MIP40c3-39 budget caps?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. However the RWF-001 is waiting for the approval of MIP40c3-SP61 budget that is requesting a quarterly budget cap of 2,055,000 DAI.			
Audit Questions to Section Transparency Report - Section 3. MKR Vesting Overview -									
3.1	Has the RWF-001 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.			

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3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP38?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. The FTE have changed from 7 FTE to 5.7 FTE.			
3.3	Are the MKR vesting dates the same as in the MIP40c3-SP38?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.4	Has RWF-001 changed the MKR amounts comparing it to the MIP40c3-SP38?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The current RWF-001 Budget has a total of 1,379 MKR, the approved budget cap is 1,680 MKR.			
3.5	Has RWF-001 explained the MKR change in the transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the MKR differences are due to FTE changes.			
Audit Questions to Transparency Report - Section 4. Transfers -									
4.1	Does the RWF-001 operational wallet balances match the transparency report 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 RWF-001 operational wallet balance is 124,773 on March 15th, 2022. https://gnosissafe.io/app/eth:0xD1505ee500791490DE8642353BA6A5b92e3550F7/transactions/history			
4.2	Are the payments from the operational wallet the same as in the actual section payments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			