

Audit Report

Core Unit Name: DUX
Audit ID: 2022-10-DUX-001
Audit Cycle: 2022-10/1
Audit Date: 12-16-2022
CU published BS date: 12-14-2022
Audit Result: Needs Action
Facilitator contact: @venture

Core Unit Clarification Received Date:
Transparency Report: <https://github.com/makerdao-dux/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-10.md>
MIP40c3-SP26: <https://forum.makerdao.com/t/mip40c3-sp26-development-ux-core-unit-budget-dux-001/9774>
MIP40c3-SP52: <https://forum.makerdao.com/t/mip40c3-sp52-development-ux-core-unit-budget-dux-001/12085>
MIP40c3-SP27: <https://forum.makerdao.com/t/mip40c3-sp27-development-ux-core-unit-mkr-budget-dux-001/9777>



#	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 DUX MIP40c3-SP52									
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 wallet with 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-SP52?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DUX has adopted the standard MakerDAO nomenclature for the budget categories. No. DUX clarified the change of wallet address for one team member in Feb 2022. ETH address eth:0xEd1c7fC6C86AaE8eA08b1B918aB2eDc4A1465745c was added February 8th 2022 and eth:0x1666e928BBD8ED084A9DEE179Ac228bc16ec850DA was removed on February 9th 2022. Operational wallet controlled by the current DUX Core Unit team Address: 0x8cd0bd5C5498AacB72b689f1da5A2aC69d0C7 Signers eth:0x14341f81df14cA86E1420c9c6Abd3439f1c5b1C eth:0x388e9e5a889C4cDF752C1AfCf88b75BD6f73eE eth:0x8967A9ad5097adb860392A0b3Ad0633c42a0D6d eth:0xd797477e4484A0a933c5Dd4A8e8fC1C979f0a1018 eth:0xdA8E55DD01475B9BE382a5D6c3602754AF9342A eth:0xEd1c7fC6C86AaE8eA08b1B918aB2eDc4A1465745c. Yes, the DUX operational wallet has a current policy of 3 out of 6 signers.		The Budget Implementation diagram in the MIP40c3-SP52 was updated with the new operational wallet eth address eth:0xEd1c7fC6C86AaE8eA08b1B918aB2eDc4A1465745c and the removal of the address eth:0x1666e928BBD8ED084A9DEE179Ac228bc16ec850DA	
0.7	Is the DUX operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the DUX operational wallet has a current policy of 3 out of 6 signers.			
0.8	Is the auditor's wallet Multi-sig wallet setup the same as described in the MIP40c3-SP52?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Auditor Wallet requires 2 out of 2 confirmations. Auditor's wallet eth address: eth:0x5A99d8428CEBCC153863CdA9D28b6352f89ad Signers: Accountant role wallet eth:0xA2A855ACd2a92a8A5a437690875261535c8320C Auditor role wallet eth:0x82da57e224949acDDe173a5b8A8160c023ea86e6			
0.9	Has the DUX auditor wallet receive funds from the protocol?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Auditor Wallet received 804,191.45048903 DAI from the protocol on Nov 02, 2022. https://gnosissale.io/app/eth:0x5A99d8428CEBCC153863CdA9D28b6352f89ad/transactions/history			
0.10	Has the DUX auditor wallet sufficient funds to top up the Dux operational wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Auditor Wallet's current balance is 672,103.32 DAI on December 19th, 2022. However the October 2022 request for funds will be skipped as the November 2022 funds request will be sent out asap.			
0.11	Has the DUX operational wallet received a top-up after the audit of the last transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The DUX operational wallet received 192,689 DAI on Nov 22nd, 2022. https://etherscan.io/tx/0x113174d797b9444db2a125f60c6b920c9c200aaa11e91746b59136e138ae843			
12		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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Audit Questions to Transparency Report - Section 1. Last Month Actuals -

1.1	Is the actuals budget category breakdown the same as in the MIP40c3-SP52?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.4	Are the DUX actual expenses within the monthly MIP40c3-SP52 budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.5	Are the DUX actual expenses within the Global/total MIP40c3-SP52 budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.6	Has the DUX Compensation & Benefits any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast is 88,200 DAI and the actual expense is 87,834.64 DAI, this results in a positive difference of 365.36.	DUX explains in the budget report that the difference is due to "variation on estimate. No outstanding reason."		
1.7	Has the DUX Travel & Entertainment any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 4,000 and the actual expense is 4,226.36, this gives a negative difference of 226.36. The Actual expense was reduced due to a sale of event tickets.	DUX explains in the budget report that the difference is due to "Team sold conference tickets for 300 DAI each."		
1.8	Has the DUX 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 7,000 DAI and the actual expense is 1,459.91 DAI, which gives a positive difference of 5,540.09 DAI.	DUX explains in the budget report that the difference is due to "Alchemy has not been billed."		

1.9	Has the DUX Gas Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 0 and the actual expense is 1,000. Missing the reason for the difference.			
1.10	Has the DUX 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 5,000 and the actual expense is 4,885.78.	DUX explains that the difference is due to "Slight deviation on estimation without outstanding reason, is a percentage of total costs. Payment to cover credit card expenses."		
1.11	Has the DUX one-time expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This budget category was not reported in the Actual section.			
1.12	Has the DUX Professional Services any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This budget category was not reported in the Actual section.			
1.13	Has the DUX 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 DUX 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 MIP40c3-SP52 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 MIP40c3-SP52?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Are the quarterly forecast within the bounds of the MIP40c3-SP52 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 MIP40c3-SP52 monthly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.5	Has the DUX presented the correct calculation of amounts for the budget forecast?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No, there is an error in the 3-month total for the Travel & Entertainment category. The total should be 13,500 and not 11,519.65. The total 3-month sum needs to be corrected as well.	DUX needs to correct the 3-month totals as indicated under the assessment.		

Audit Questions to Transparency Report - Section 3. MKR Vesting Overview -

3.1	Has the DUX 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, the FTE is included in the MKR Vesting overview section of the transparency report.			
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP27?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. The FTE has changed from 6.0 to 5 people working full time and 1 person working 60%.			

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MIP40c3-SP27: <https://forum.makerdao.com/t/mip40c3-sp27-development-ux-core-unit-mkr-budget-dux-001/9777>

3.4	Are the MKR vesting dates the same as in the MIP40c3-SP27?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the MIP40c3-SP27 includes the following vesting date December 2021 = 0 MKR. However, all other vesting dates are the same as in the MIP40c3-SP27.		
	Is the MKR total budget cap in the transparency report the same as in the approved MIP40c3-SP27?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
	Has DUX changed the MKR amounts comparing it to the last published transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.		
	Has DUX explained the MKR change in the transparency report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This control can only be made if the answer to the above question is yes.		
3.7	Other observations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Delete the actual MKR of 180.6 in the October 2022 report and correct the MKR actuals total amount to 355.86. This transaction should be added to the December 2022 report.	DUX needs to correct the MKR actuals as indicated under assessment.	
3.8		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Audit Questions to Transparency Report - Section 4, Transfers -								
4.1	Does the DUX operational wallet balance 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.		
4.2	Are the payments from the operational wallet the same as in the actuals payments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
4.3	Are the MKR actuals in the MKR table correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No. See point 3.8.		
4.4	Is the DUX auditor wallet current balance in MKR correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
4.5	Other observations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The 3-month Estimate in the Transfers section needs to be corrected as well as the calculation of the transfer amount after the Estimate is corrected. The October 2022 request will be a skipet due to the revision of the DUX expenses, causing a delay in the production of the expense report. Delete the text "test" at the button of the MKR transfers section and add the links to the Multi-sig wallet eth address.	DUX needs to correct the Estimate value and Transfer value as indicated under assessment.	