

Audit Report

Core Unit Name: RWF-001

Audit ID: 2022-07-RWF-001

Audit Cycle: 2022-07/1

Audit Result: Approved with comments

Audit Date: 09-23-2022

Submission Date: 09-21-2022

Facilitator contact: @will

Core Unit Clarification Received on Date:

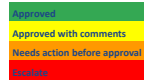
Transparency Report: <https://github.com/makerdao-rwf001/transparency-reporting/blob/main/monthly-budget-statements/2022-07.md>

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-SP61.					Note- The RWF-001 has submitted a budget modification MIP40c3-SP61 on March 14th, 2022 and it was ratified on March 28th, 2022.			
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-SP61?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	RWF added the Due Diligence cost category to the table. Expenses related to DD will be covered by the contingency buffer.			
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: 0x44d2509074993b858c54B6d276ebD3816FC93A68 0xc8E6c287F6c127AF5e4CB30bC440607b44c35f8 0xD0FF661Fb2d06d4F787dd23A579D64c6989BdA1 https://gnosis-safe.io/app/eth:0xD1505ee500791490DE8642353BA6A5b92e3550F7/settings/owners			
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 operational wallet received the funds requested in the last Budget Statement?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. The RWF-001 had an excess of 744,732.74 DAI in the June 2022 budget statement. This excess was transferred from the operational wallet to the 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 0xA2A855Ac802a92e8A5a437690875261535c8320C Auditor Role Wallet 0xB2da57e224949acDDe173a5b8A8160c023ea86e6			
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 2,599,003.64583333 DAI on July 25th, 2022 and returned 1,995,006.6 DAI to the Surplus buffer on July 27th, 2022. The balance in the auditor wallet is 1,370,000.01583333 DAI on September 23th. 2022.			
	Audit Questions to Transparency Report - Section 1. Last Month Actuals -								
1.1	Is the actuals budget category breakdown the same as in the MIP40c3-SP61?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Due Diligence cost category is added to this months actuals.			
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 RWF-001 actual expenses within the monthly approved MIP40c3-SP61 budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			

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1.5	Are the RWF-001 actual expenses within the Global/total MIP40c3-SP61 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the forecast for June 2022 is 153,450 and the actual expense is 112,108.31, which gives a positive difference of 41,341.69.	The RWF-001 explains in the budget statement that this deviation is due to "Grantees onboarding in progress."		
1.7	Has the RWF-001 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 75,000 and actuals is 0.	RWF-001 explains in the budget statement that the difference is due to "Variable legal costs postponed."		
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the payment fees forecast is 11,158.05 and the actual expense is 6,267.99 which gives a positive difference of 4,890.06.	Difference due to a lower 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"/>	Yes. The forecast is 0 and the actual expense is 500.	RWF-001 explains in the budget statement that the difference is due to "Top up of multisig."		
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"/>	Yes. The forecast is 5,000 and the actual expense is 2,320, this gives a positive difference of 2,680.			
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"/>	Yes. The forecast is 2,000 and the actual expense is 0.	No travel expense in July 2022.		
1.13	Has the RWF-001 Due Diligence any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. the forecast is 4,500 and the actual expense is 1,452, this gives a positive difference of 3,048.	RWF-001 explains in the budget statement that the difference is due to "DD visits actuals below forecast."		
1.14	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.			
1.15	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.			
1.16	Other Observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All the actual expenses within the approved global budget.			
Audit Questions to Transparency Report - Section 2. Budget Forecast -									
2.1	Does the transparency report display the summary of the MIP40c3-61 approved 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 MIP40c3-61?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Are the monthly forecast totals within the MIP40c3-61 monthly budget cap?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast for the Payment fees forecast is above the approved budget cap. The excess is covered by the contingency buffer.			
2.4	Is the quarterly forecast within the bounds of the MIP40c3-61 budget caps?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.5	Other Observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The October forecast needs to be revised for the August budget statement.			
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.			
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"/>	*Budget cap is estimated on 7 FTE at 80 MKR/FTE. Current estimate FTE calculation is based on 5.7 FTE.			

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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.			
3.6	Has RWF-001 Auditor wallet Received the April 2022 MKR bonus amount from the protocol?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The RWF-001 auditor wallet has received 152 MKR on July 1st. 2022.			
Audit Questions to Transparency Report - Section 4. Transfers -									
4.1	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. The payments in the budget statement is 124,669.80 and the trx. from the operational wallet is 124,669.80 DAI on August 16, 2022. https://etherscan.io/tx/0x9eb84d5163853607f514ee731b8ee155a55ae0fc90b1cd0ceb478b3d744e2304			
4.2	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 678,487.35. https://gnosis-safe.io/app/eth:0xD1505ee500791490DE8642353BA6A5b92e3550F7/transactions/history			
4.3	Are the values in the RWF-001 Auditor wallet table correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.4	Does the RWF-001 Auditor wallet balance match the transparency report auditor current balance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.5	Has the RWF-001 auditor wallet enough funds to be sent to the RWF-001 operational wallet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	RWF-001 has an excess of 55,505.75 DAI that need to be returned to the auditor wallet.			