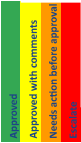


Audit Report

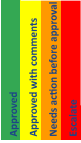
Core Unit Name: IS
Audit ID: 2023-02-IS001
Audit Cycle: 2023-02 / 1
Audit Date: 2023-03-29
Audit Result: Approved with comments
Submission Date: 2023-03-02
Facilitator contact: @psychonaut7023
Core Unit Clarification Received on Date:
MakerDAO Ecosystem Dashboard: <http://167.71.32.135/core-unit/IS/finances/reports>
GitHub Transparency Report: <https://github.com/makerdao-is/transparent-reporting/blob/main/Monthly%20Budget%20Statements/2023-02.md>
MIP142-SP2: <https://forum.makerdao.com/t/MIP142-SP2-modify-core-unit-budget-immuneft-security-core-unit-budget-is-001/12598>
MIP42-SP17: <https://forum.makerdao.com/t/mip42-sp17-rapid-payment-for-small-bug-bounties-mip64-mip403-sp42-amendment/12869>
MIP403-SP42: <https://forum.makerdao.com/t/mip403-sp42-adding-immuneft-security-core-unit-budget-is-001/10813>
MIP403-SP41: <https://forum.makerdao.com/t/mip403-sp41-immuneft-security-core-unit-mkr-budget-is-001/10814>



#	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
	Audit Questions to the Structure of the Monthly Budget Statement and consistency with IS MIP14c2-SP2				Note:- IS new budget request MIP12c2-SP2 https://forum.makerdao.com/t/mip14c2-sp2-subproposal-for-protocol-dai-transfer-to-fund-isai-from-dec-2022-to-may-2023/19025 was approved. The funds are in the auditor wallet and it is the balance after returning funds to the dssblow. Therefore there is no new stream to send the new 6 months budget to IS.			
0.1	Are the sections in the Monthly Budget Statement in the right order: Actuals, Forecast, MKR vesting and Transfers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.2	Does the Actual section include breakdowns with Budget Category, Forecast, Actuals, Difference, Payments and Reason for the diff. ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
	Does the Budget Forecast summary contain the Qly budget cap?							
0.3		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.4	Does the Budget Forecast cover 3 months with a summary and Budget Category breakdown?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
	Does the Budget Forecast summary and breakdown contain the budget caps for comparison?							
0.5		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
	Has IS used the MakerDAO standard budget categories in the budget statement?							
0.6		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
	Is the Multi-sig wallet setup the same as described in the MIP14c2-SP2?				Yes: IS Operational Wallet quorum (2:3) Controlled by the IS Core Unit team Address: 0x124c759D1084E67B19a206ab85c4527fab26c342 Signers 0x2BC5fC5De1a83a9e4CDfA138bAEd516D70414b 0xAcAF835934e40E0d5ee3F941E283499F8Ad97eD 0xFfC87601A80d3e4F0aF083a899e3fee203C23cf0			
0.7	Is the IS operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the IS operational wallet has a current policy of 2 out of 3 signers			
0.8	Has the IS auditor wallet received the initial seed funds from the protocol prior transfer to the IS Operational Wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the auditor wallet has received 195,443 DAI from the protocol https://etherscan.io/tx/0xab810b957b94a68862c4433ec4185f5ea3f3121b4b38535a2aab48e9908a4 The MIP403-SP42 total budget cap less contingency buffer is 106,250 DAI. This initial transfer includes yearly and one time costs described in the MIP403-SP42.			
0.9	Has the IS auditor wallet received the initial funds for the operational audits from the protocol prior transfer to the IS Operational Wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the auditor wallet has received 138,000 DAI from the protocol on March 6, 2022 https://etherscan.io/tx/0x2550b1ac214b1a7076d14687c56025133d887ebc37d6e538e7a5e7764083600			
0.10	Has the IS Operational wallet received a top-up after the audit of the last Monthly Budget Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The IS operational wallet received 23,500 DAI on February 15th, 2023. https://etherscan.io/tx/0x44c3ec7d6d83198d84260db6b0c6d09b97a8521ee57f72c19d69802b0a			
0.11	Audit Questions to the Monthly Budget Statement - Section 1. Last Month Actuals -	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	Is the actuals budget category breakdown the same as in the MIP14c2-SP2?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	IS has adopted the standard nomenclature per June 2022.			IS needs to publish the data at expense.makrdao.network.
1.1		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

Audit Report

Core Unit Name: IS
Audit ID: 2023-02-IS001
Audit Cycle: 2023-02 / 1
Audit Date: 2023-03-29
Audit Result: Approved with comments
Submission Date: 2023-03-02
Facilitator contact: @psychonaut7023
Core Unit Clarification Received on Date:
MakerDAO Ecosystem Dashboard: <http://167.71.32.135/core-unit/IS/finances/reports>
GitHub Transparency Report: <https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2023-02.md>
MIP14c2-SP2: <https://forum.makerdao.com/t/MIP14c2-SP2-modify-core-unit-budget-immuneft-security-core-unit-budget-is-001/12598>
MIP4c2-SP17: <https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869>
MIP40c3-SP42: <https://forum.makerdao.com/t/mip40c3-sp42-adding-immuneft-security-core-unit-budget-is-001/10813>
MIP40c3-SP41: <https://forum.makerdao.com/t/mip40c3-sp41-immuneft-security-core-unit-mkr-budget-is-001/10814>



#	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
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"/>	Yes.		IS needs to publish the data at expense.makerdao.network.	
1.3	Are the differences between forecast and actuals explained in the transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.4	Are the IS actual expenses within the MIP14c2-SP2 total buget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.5	Are the IS actual expenses within the total MIP14c2-SP2 budget cap for the current quarter?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.6	Has the Admin Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No expense reported in this category.			
1.7	Has the IS Compensation and Benefits any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.8	Has the IS Professional Services any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.9	Has the IS Gas fees any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 500 and the actual expense is 0. Reason for the diff. was not provided.		IS needs to provide the reason for the diff. in the comments per budget category.	
2.0	Has the IS Software Development any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2.1	Has the IS Software Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2.2	Has the IS presented the correct calculation of amounts for the actuals, forecast and difference?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Has the IS Actuals Section any budget category that seems inconsistent and needs further Investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2.4	Other observations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In general IS needs to publish the data at expense.makerdao.network. When there is a difference between forecast and actual expenses a reason should be indicated also at expense.makerdao.network.			
Audit Questions to the Monthly Budget Statement - Section 2. Budget Forecast -								
2.1	Are the budget caps the same as in the MIP14c2-SP2?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.2	Are the quarterly forecast within the bounds of the MIP14c2-SP2 and MIP4c2-SP17 budget caps?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Are the quarterly forecast totals within the approved MIP14c2-SP2?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.4	Has the IS presented the correct calculation of amounts in the Budget Forecast section?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.5	Is there a year to date forecast versus expenses observation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
2.6	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
Audit Questions to the Monthly Budget Statement - Section 3. MKR Vesting Overview -								

Approved
Approved with comments
Needs action before approval
Escalate

Facilitator contact: @psychonaut#7023

Github Transparency Report: <https://github.com/maked30-is/transparency-reporting/>

MIP14c2-SP2: <https://forum.makerdao.com/t/MIP14c2-SP2-modify-core-unit-budget-immune-security-core-unit-budget-is-001/12598>

MIP4c2-SP17: <https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/1>

MIP40c3-SP42: <https://forum.makerdao.com/t/mip40c3-sp42-adding-immunefi-security-core-unit-budget-is-001/10813>

MIP40-3-SP41: <https://forum.makardao.com/t/min40-3-sn41-immunofi-security-core-unit-mkr-budget-is-001/10814>

#	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
3.1	Has IS indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview?					Yes. The FTE is as follows: - Facilitator 0 FTE - Deputy Facilitator 0.4			
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP41?					No. IS FTE were reduce from 1.2 to 0.8.		The MKR total amount was changed in Aug 2023.	
3.3	Are the MKR vesting dates the same as in the MIP40c3-SP41?					Change in FTE and manual pricing was triggered on Aug 5, 2022. Therefore the Vesting dates were updated. The Aug 2023 is the next first vesting date instead of Dec 2022.			IS should update the MKR table with the complete vesting date M-D-Y e.g. Aug 5 - 2023
3.4	Has IS changed the MKR amounts comparing it to the MIP40c3-SP41?					IS has added a new MKR vest schedule to MIP40c-SP41 https://forum.makerdao.com/t/mip40c3-sp41-immunedfi-security-core-unit-mkr-budget-150017081473			
3.5	Has IS explained the MKR change in the Monthly Budget Statement?					Yes.	"FTEs were reduced from 1.2 to 0.8 (since July 2022) and manual pricing was triggered on Aug 5th, 2022."		
	Audit Questions to the Monthly Budget Statement - Section 4. Transfers -								
4.1	Does the IS Operational Wallet balances match the Monthly Budget Statement current balance in the calculation made for the new transfer?					Yes.			
4.2	Are the payments from the operational wallet the same as in the actuals payments?					Yes.			
4.3	Has the IS Auditor wallet sufficient funds to top up the IS operational wallet?					Yes.			
4.4	Does IS Operational wallet need to return excess funds to the auditor wallet based on the February 2023 budget report?					No.			
4.5	Does IS Auditor wallet needs to return excess funds to the MakerDAO Protocol based on the February 2023 budget report?					No.			
4.6	Other observations					No.			