

## Audit Report

Core Unit Name: DUX

Audit ID: 2022-09-DUX-001

Audit Cycle: 2022-09/1

Audit Date: 10-31-2022

CU published BS date: 10-28-2022

Audit Result: Needs CU Action

Facilitator contact: @venture

Core Unit Clarification Received Date:

Transparency Report: <https://github.com/makerdao-dux/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-09.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?	✓	□	□	□	Yes.			
0.2	Does the actual section include breakdowns per wallet with Budget Category, Forecast, Actuals, Difference and Payments?	✓	□	□	□	Yes.			
0.3	Does the budget forecast cover 3 months with summary and budget category breakdown?	✓	□	□	□	Yes.			
0.4	Does the budget forecast summary and breakdown contain the quarterly budget caps for comparison?	✓	□	□	□	Yes.			
0.5	Does the budget forecast summary contain the Global/total budget cap?	✓	□	□	□	Yes.			
0.6	Are the budget forecast categories in the transparency report the same as in the MIP40c3-SP52?	□	✓	□	□	Yes.			DUX could start using the standard budget categories nomenclature.
0.7	Is the operational wallet Multi-sig wallet setup the same as described in the MIP40c3-SP52?	✓	□	□	□	No. DUX clarified the change of wallet address for one team member in Feb 2022. ETH address eth:0xE1c76C86AaE8eA08b1B918aB2eDc4A1465745c was added February 8th 2022 and eth:0xf666e928B8DEFD84A9DEE179Ac226be16ec850DA was removed on February 9th 2022.  Operational wallet controlled by the current DUX Core Unit team Address: 0x8Cd0ad5C55498Aacb72b6689E1da5A284C69c0C7 Signers eth:0x14341f81dF14cA86E1420eC9e6Abd343Fb1c5bfc eth:0x388e9e5a889C4cDF3f752C1AFcF88B758DE673eE eth:0x8967A9ad5097adb8603922A0b34d0633cb2daD6d eth:0xD797d7ea4B440aA933c9DdABeBCF1C879F0a1018 eth:0xda8E5b5DD1475B9BE382a5Dfe2602754Af9342A eth:0xE1c76C86AaE8eA08b1B918aB2eDc4A1465745c		The Budget Implementation diagram in the MIP40c3-SP52 was updated with the new operational wallet eth address eth:0xE1c76C86AaE8eA08b1B918aB2eDc4A1465745c and the removal of eth address eth:0xf666e928B8DEFD84A9DEE179Ac226be16ec850DA	
0.8	Is the DUX operational wallet controlled by more than 1 signer?	✓	□	□	□	Yes, the DUX operational wallet has a current policy of 3 out of 6 signers.			
0.9	Is the auditor's wallet Multi-sig wallet setup the same as described in the MIP40c3-SP52?	✓	□	□	□	Yes. The Auditor Wallet requires 2 out of 2 confirmations. Auditor's wallet eth address: eth:0x5A994D8428CCEbCC153863CCdA9D28e6352f89ad Signers: Accountant role wallet eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C Auditor role wallet eth:0xB2da57e224949acdDe173a5b8A8160c023ea86e6			
0.10	Has the DUX auditor wallet receive funds from the protocol?	✓	□	□	□	The Auditor Wallet received 322,383 DAI from the protocol on July 25, 2022. https://gnosis-safe.io/app/eth:0x5A994D8428CCEbCC153863CCdA9D28e6352f89ad/transactions/history			
0.11	Has the DUX auditor wallet sufficient funds to top up the Dux operational wallet?	□	✓	□	□	No. The Auditor Wallet’s current balance is 60,600.87156237 DAI on October 31th, 2022. SES will coordinate the request of funds.			
0.12	Has the DUX operational wallet received a top-up after the audit of the last transparency report?	✓	□	□	□	Yes. The DUX operational wallet received 222,963.56 DAI on September 2nd, 2022. https://etherscan.io/tx/0xcb2bf2ebe62363cf2fa2a63b11344c46a7498c2e1999df70e4f2cf5d9b1e4670			

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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 contributor fees any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast is 83,200 DAI and the actual expense is 83,430.47 DAI, this results in a negative difference of 230.47.	DUX explains in the budget report that the difference is due to "Variation on estimate. No outstanding reason."		
1.7	Has the DUX travel costs any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 6,000 and the actual expense is 7,821.47. The forecast and actuals for this month are above the monthly budget cap but within the qly. budget cap.	DUX explains in the budget report that the difference is due to "Increase in costs not correctly estimated for the plane tickets."		When exceeding the monthly budget cap, DUX needs to explain how the excess will be covered.
1.8	Has the DUX IT Infrastructure and services 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 7,000 DAI and the actual expense is 2,631.62 DAI, which gives a positive difference of 4,368.38 DAI.	DUX explains in the budget report that the difference is due to "Alchemy has not been billed."		
1.9	Has the DUX gas fees any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.10	Has the DUX Legal Services 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 10,000 and the actual expense is 0.	DUX explains that the difference is due to "We are expecting to pay a legal firm, but it didn't happened yet. We will stop this for now."		
1.11	Has the DUX one-time expense 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 DUX Payment 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 5,000 DAI, and the actual expense is 4,948.94, this gives a positive difference of 51.06.	DUX explains that the difference is due to "Slight deviation on estimation without outstanding reason, is a percentage of total costs.."		
1.13	Has the DUX Contractor Services any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.14	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.			
1.15	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"/>	The total sum for Dec 2022 is 102,200, this amount needs to be corrected to 100,200 DAI.	DUX needs to correct the total amount for Dec 2022 as indicated under the assessment.		
Audit Questions to Transparency Report - Section 3. MKR Vesting Overview -									

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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%.			
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.			
3.5	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.			
3.6	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.			
3.7	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.			
3.8	Other observations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
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. The operational wallet balance on October 27th, 2022 is 113,911 DAI.			
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. Transactions corresponding to September 2022 are the same.			
4.3	Are the MKR actuals in the MKR table correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DUX should start using the SF standard budget categories onwards. The MakerDAO Ecosystem Dashboard does not have the September 2022 data, please push the data asap.			For the transition to the use of the SF budget categories, DUX can keep the current budget categories in the Actual Section in the October Budget Statement and use the standard classifications for the budget section of Nov., Dec., Jan.