Audit Report

Core Unit Name: SES - Sustainable Ecosystem Scaling Core Unit -
Audit ID: 2022-09-SES001
Audit Cycle: 2022 - 09 /1
Audit Result: Needs action before approval
Audit Date: 2022-10-31
Budget Statement Submission Date: 2022-10-28
Facilitator contact: @Juan
Core Unit Clarification Received on Date:
Transparency Report: https://github.com/makerdao-ses/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-09.md
MIP40c3-SP55: https://forum.makerdao.com/t/mip40c3-sp55-modify-core-unit-budget-sustainable-ecosystem-scaling-ses-001/12097
MIP40c3-SP44: https://forum.makerdao.com/t/mip40c3-sp17-sustainable-ecosystem-scaling-core-unit-mkr-budget-ses-001/8043

		Approved
		Approved with comments
		Needs action before approval
		Escalate

# 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 consitency with SES MIP40c3-SP55								
0.1 Are the sections in the transparency report in the right order: Actuals, Forecast, MKR vesting and Transfers?	☑	☐	☐	☐				
0.2 Does the actual section include breakdowns per Budget Category, Forecast, Actuals, Difference and Payments?	☑	☐	☐	☐				
0.3 Does the budget forecast cover 3 months with summary and budget category breakdown?	☑	☐	☐	☐				
0.4 Does the budget forecast summary and breakdown contain the quarterly budget caps for comparison?	☑	☐	☐	☐				
0.5 Does the budget forecast summary contain the Global/total budget cap?	☑	☐	☐	☐				
0.6 Are the budget forecast categories in the transparency report the same/similar as in the MIP40c3-SP55?	☑	☐	☐	☐				
0.7 Is the SES Permanent Team Operational Multi-sig wallet setup the same as described in the MIP40c3-SP55?	☑	☐	☐	☐	Yes. The SES Permanent Team Operational Wallet quorum (2:3) Controlled by the SES Core Unit team Address: eth:0xb5eB779cE300024EDB3dF9b6C007E312584f6F4f Signers eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C eth:0x4714C7EfE5D0213615FC6CBB8717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75			
0.8 Is the SES Incubation Program Operational Multi-sig wallet setup the same as described in the MIP40c3-SP55?	☑	☐	☐	☐	Yes. The SES Incubation Program Operational Wallet quorum (2:3) Controlled by the SES Core Unit team Address: eth:0x7c09Ff9b59BAAebfd721cbDA3676826aA6d7BaE8 Signers eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C eth:0x4714C7EfE5D0213615FC6CBB8717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75			
0.9 Is the SES Grants Program Operational Multi-sig wallet setup the same as described in the MIP40c3-SP55?	☑	☐	☐	☐	Yes. The SES Grants Program Operational Wallet quorum (2:3) Controlled by the SES Core Unit team Address: eth:0xf95eB8eC63D6059bA62b0A8A7F843c7D92f41de2 Signers eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C eth:0x4714C7EfE5D0213615FC6CBB8717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75			
0.10 Is the SES Permanent Team Operational wallet controlled by more than 1 signer?	☑	☐	☐	☐	Yes, the SES Operational wallet has a current policy of 2 out of 3 signers			
0.11 Is the SES Incubation Program Operational wallet controlled by more than 1 signer?	☑	☐	☐	☐	Yes, the SES Operational wallet has a current policy of 2 out of 3 signers			
0.12 Is the SES Grants Program Operational wallet controlled by more than 1 signer?	☑	☐	☐	☐	Yes, the SES Operational wallet has a current policy of 2 out of 3 signers			
0.13 Has the SES Permanent Team Operational wallet received a top-up after the audit of the last transparency report?	☑	☐	☐	☐				
0.14 Has the SES Incubation Program Operational wallet received a top-up after the audit of the last transparency report?	☑	☐	☐	☐				
0.15 Has the SES Grants Program Operational wallet received a top-up after the audit of the last transparency report?	☑	☐	☐	☐				

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| Approved |
| Approved with comments |
| Needs action before approval |
| Escalate |

#	Audit Question	🟩	🟨	🟧	🟥	Audit Assessment	Core Unit´s Clarification	Immediate CU Action to improve transparency report	Medium Term CU Action to improve transparency report
0.16	Is the SES Auditor Multi-sig wallet setup the same as described in the MIP40c3-SP55?	☑	☐	☐	☐	Yes. SES Auditor Wallet quorum (2:2) eth address: eth:0x87AcDD9208f73bFc9207e1f6F0fDE906bcA95cc6 Controlled by Signers: GovAlpha Auditor Role eth:0xDc85cE806d057f4E5425b1e211b78d5af2728Df3 SES Accountant Role Wallet eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C			
0.17	Is the SES Auditor wallet controlled by more than 1 signer?	☑	☐	☐	☐				
0.18	Has the SES Auditor wallet received funds from the protocol?	☑	☐	☐	☐				
0.19	Has SES returned the excess funds from last transparency report to the Surplus buffer?	☑	☐	☐	☐				
0.20	Has the SES Auditor wallet sufficient funds to be sent to the SES Operational wallets?	☑	☐	☐	☐				
	Audit Questions to Transparency Report - Section 1. Permanent Team Last Month Actuals -								
1.10	Is the Permanent Team actuals budget category breakdown in line with MIP40c3-SP55?	☑	☐	☐	☐				
1.20	Is the transparency report actual´s forecast for the Permanent Team the same as the last published forecast for the same month?	☑	☐	☐	☐				
1.30	Are the Permanent Team differences between forecast and actuals explained in the transparency report?	☑	☐	☐	☐				
1.40	Are the SES Permanent Team actual expenses within the monthly MIP40c3-SP55 buget cap?	☑	☐	☐	☐				
1.50	Are the SES Permanent Team actual expenses within the quarterly total MIP40c3-SP55 budget cap?	☑	☐	☐	☐				
1.60	Has the SES Permanent Team Administration Expenses any significant deviations between forecast and actuals?	☐	☑	☐	☐	Yes but all explained with appropriate reasons provided			
1.70	Has the SES Permanent Team Compensation & Benefits any significant deviations between forecast and actuals?	☑	☐	☐	☐	Nil significant			
1.80	Has the SES Permanent Team Gas Fees any significant deviations between forecast and actuals?	☑	☐	☐	☐	Nil significant			
1.90	Has the SES Permanent Team Professional Services any significant deviations between forecast and actuals?	☑	☐	☐	☐	Nil significant			
1.10	Has the SES Permanent Team Software Development any significant deviations between forecast and actuals?	☑	☐	☐	☐	Nil significant			
1.11	Has the SES Permanent Team Software Expense any significant deviations between forecast and actuals?	☐	☑	☐	☐	Yes but explained by delayed invoice			
1.12	Has the SES Permanent Team Travel & Entertainment any significant deviations between forecast and actuals?	☑	☐	☐	☐	Nil significant			
1.13	Has the SES Permanent Team presented the correct calculation of amounts for the actuals, forecast and difference?	☑	☐	☐	☐				
1.14	Has the SES Permanent Team any budget category that seems inconsistent and needs further investigation?	☑	☐	☐	☐				
1.15	Has SES explained the difference between the payments and actuals for the Permanent Team?	☑	☐	☐	☐				
	Audit Questions to Transparency Report - Section 1. Incubation Program Last Month Actuals -								
1.16	Is the transparency report actual´s forecast for the Incubation Program the same as the last published forecast for the same month?	☑	☐	☐	☐				

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Color	Status
Green	Approved
Yellow	Approved with comments
Orange	Needs action before approval
Red	Escalate

#	Audit Question	🟢	🟡	🟠	🔴	Audit Assessment	Core Unit´s Clarification	Immediate CU Action to improve transparency report	Medium Term CU Action to improve transparency report
1.17	Are the SES Incubation Program differences between forecast and actuals explained in the transparency report?	☑	☐	☐	☐				
1.18	Are the SES Incubation Program´s actual expenses within the monthly MIP40c3-SP55 buget cap?	☑	☐	☐	☐				
1.19	Are the SES Incubation Program´s actual expenses within the quarterly total MIP40c3-SP55 budget cap?	☑	☐	☐	☐				
1.20	Has the SES Incubation Program presented the correct calculation of amounts for the actuals, forecast and difference?	☑	☐	☐	☐				
1.21	Has the SES Incubation Program any budget category that seems inconsistent and needs further investigation?	☑	☐	☐	☐				
1.22	Has SES explained the Incubation program´s difference between the payments and actuals?	☑	☐	☐	☐				
	Audit Questions to Transparency Report - Section 1. Grant´s Program Last Month Actuals -								
1.23	Is the transparency report actual´s forecast for the Grant´s Program the same as the last published forecast for the same month?	☑	☐	☐	☐				
1.24	Are the SES Grant´s Program differences between forecast and actuals explained in the transparency report?	☑	☐	☐	☐				
1.25	Are the SES Grant´s Program Actual expenses within the monthly MIP40c3-SP55 buget cap?	☑	☐	☐	☐				
1.26	Are the SES Grant´s Program Actual expenses within the quarterly total MIP40c3-SP55 budget cap?	☑	☐	☐	☐				
1.27	Has the SES Grant´s Program presented the correct calculation of amounts for the actuals, forecast and difference?	☑	☐	☐	☐				
1.28	Has the SES Grant´s Program any budget category that seems inconsistent and needs further investigation?	☑	☐	☐	☐				
1.29	Has SES explained the Grant´s Program difference between the payments and actuals?	☑	☐	☐	☐				
	Audit Questions to Transparency Report - Section 2. Permanent Team Budget Forecast -								
2.1	Does the transparency report display the MIP40c3-SP55 caps for both total and budget categories?	☑	☐	☐	☐				
2.2	Are the monthly and quarterly budget caps (both totals and per category) the same as in the MIP40c3-SP55?	☑	☐	☐	☐				
2.3	Are the monthly forecast totals within the MIP40c3-SP55 monthly budget cap?	☐	☑	☐	☐	No, October 22 travel & entertainment above the cap but this is being covered from contingency buffer as explained			
2.4	Is the quarterly forecast within the bounds of the qly MIP40c3-SP55 budget caps?	☐	☑	☐	☐	No, October 22 travel & entertainment above the cap but this is being covered from contingency buffer as explained			
2.5	Has the SES presented the correct calculation of amounts in the Permanent Team budget forecast table?	☑	☐	☐	☐				
	Audit Questions to Transparency Report - Section 2. Incubation Program Budget Forecast -								
2.6	Does the transparency report display the Incubation Program´s budget cap?	☑	☐	☐	☐				
2.7	Are the monthly and quarterly budget caps the same as in the MIP40c3-SP55?	☑	☐	☐	☐				
2.8	Are the Incubation Program´s monthly forecast totals within the MIP40c3-SP55 monthly budget cap?	☑	☐	☐	☐				

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2.9	Is the Incubation Program quarterly forecast within the bounds of the qly MIP40c3-SP55 budget caps?	☑	☐	☐	☐				
2.10	Has the SES presented the correct calculation of amounts in the Incubation Program budget forecast table?	☐	☐	☑	☐	Legal research row has incorrect total			
	Audit Questions to Transparency Report - Section 2. Grant´s Program Budget Forecast -								
2.11	Does the transparency report display the Grant´s Program Budget cap?	☑	☐	☐	☐				
2.12	Are the monthly and quarterly budget caps the same as in the MIP40c3-SP55?	☑	☐	☐	☐				
2.13	Are the Grant´s Program monthly forecast totals within the MIP40c3-SP55 monthly budget cap?	☑	☐	☐	☐				
2.14	Is the Grant´s Program quarterly forecast within the bounds of the qly MIP40c3-SP55 budget caps?	☑	☐	☐	☐				
2.15	Has the SES presented the correct calculation of amounts in the Grant´s Program budget forecast table?	☑	☐	☐	☐				
	Audit Questions to Transparency Report - Section 3. MKR Vesting Overview -								
3.1	Has the SES indicated the number of FTE in the transparency report´s MKR vesting overview?	☑	☐	☐	☐	Yes.			
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP17?	☐	☑	☐	☐	No. The reported FTE is 10.5 and the MIP40c3-SP17 MKR budget is based on 8.90 FTEs.			
3.3	Are the MKR vesting dates the same as in the MIP40c3-SP17?	☐	☑	☐	☐	No. The reported vesting dates are different from the MIP40c3-SP17 due to new hires, the changes were explained in the November 2021 budget statement.			
3.4	Has SES changed the MKR amounts since the last transparency report?	☑	☐	☐	☐	No. SES informed that it will report changes in the current MKR next month.			
3.5	Has SES explained the MKR change in the transparency report?	☑	☐	☐	☐	This control can only be made if the above question is yes.			
3.6	Has the SES Auditor wallet received the vested MKR amount corresponding to the vesting date of June 1st, 2022?	☑	☐	☐	☐	Yes. SES Auditor wallet has received 541.47 MKR on May 23rd, 2022. The MKR transfer was added to the Maj 2022 transparency report. https://etherscan.io/tx/0xd891445bf62cb9df39a07be390f2650be820d4cb2c8efe51b4506e1763435f97			
3.7	Has the Operational wallet received the vested MKR amount corresponding to the vesting date of June 1st, 2022.	☑	☐	☐	☐	Yes. The SES Permanent Team Operational wallet received 427.07 MKR on May 31st. 2022. https://etherscan.io/tx/0xc4c0012f446fe28bb76122572c9bfcdf6b7cf96d2df733a40bbb3e07cf9e58a9			
3.8	Other relevant observations?	☐	☑	☐	☐	Need to clarify return of unspent MKR - not a blocker to approval			
	Audit Questions to Transparency Report - Section 4. Transfers -								
4.1	Does the SES Operational wallets balance match the transparency report current balances in the calculation made for the new transfer?	☑	☐	☐	☐				
4.2	Are the DAI payments from the Permanent Team Operational wallet the same as in the actuals section payments?	☑	☐	☐	☐				

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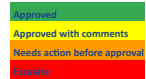**Budget Statement Submission Date: 2022-10-28**
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4.3	Are the DAI payments to the Payroll Payments Processor from the Incubation Program Operational wallet the same as in the actuals section payments?	☑	☐	☐	☐				
4.4	Are the DAI Direct payments from the Incubation Program Operational wallet the same as in the actuals section payments?	☑	☐	☐	☐				
4.5	Are the DAI payments from the Grant´s Program Operational wallet the same as in the actuals section payments?	☑	☐	☐	☐				
4.6	Are there any other Payments from the Operational wallets that need further clarification?	☑	☐	☐	☐				