Audit Report

Core Unit Name: Deco

Audit ID: 2021-12-Deco001

Audit Cycle: 2021 - 12 / 1

Audit Cycle: 2021 - 12 / 1
Audit Date: 27 - 01 - 2022

Submission Date: 01-04-2022

CU contact: Vamsi Alluri



Transparency Report: https://github.com/deco-protocol/maker-cu-transparency-reporting/blob/main/monthy-budget-statements/2021-12.md

Approved with comments

Needs action before approval

MIP40c3-SP35: https://forum.makerdao.com/t/mip40c3-sp35-deco-fixed-rate-core-unit-budget/10225

MIP40c3-SP36: https://forum.makerdao.com/t/mip40c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10226

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 DECO MIP40c3- SP35					Audit Assessment	Core onit s clarification	buuget statement	Worting Budget Statement
Are the sections in the Monthly Budget Statement in the correct order: Budget Description 1. Monthly Deco Revenue 2. Maker Dai Disbursements 3. Maker Protocol Credits 4. Monthly Term Operating Commitment 5. MKR Vesting Overview 6. MIP Term MakerDAO Protocol Commitment/Credit Accounting 7. Monthly Dai Transfers 0.1	Y				Yes.			
ls the budget description in the budget statement aligned with the approved MIP?					Yes.			
Does the Budget Statement includes the "Actual section" with the Budget Category breakdown, Forecast, $_{0.3}$ Actuals, Difference and Payments?					The DECO CU will not include the actual section in their transparency reporting as part of their budget statements.			
Is the Deco Protocol wallet set up the same as described in the MIP40c3-SP35?			>		No. According to the MIP, the DECO protocol wallet should have 3 owners. This wallet has only 2 owners currently. "The Deco Protocol Wallet is a 2-out-of-3 multisig wallet controlled by the Deco Core Unit to be used to aggregate Deco revenue pending achievement of benchmarks and subsequent distribution. Address: 0x478F1F5698f8d345a14d7323745C6c56f88227F0"		Deco should add the third owner to the Protocol wallet as indicated in the MIP40c3-5P35.	
Is the DECO Protocol wallet controlled by more than 1 signer?	<u> </u>				Yes: DECO Protocol Wallet quorum (2:2) Controlled by the DECO Core Unit team Address: 0xA78F1F5698f8d345a14d7323745C6c56f88227F0 Signers eth:0x150378665aD818b09E2be76B3301AA63bA762A42 eth:0x4C5f5cBFa31958E032c3aCE696eE68f1A6a19f4			
Has the Deco auditor wallet received the initial seed funds from the protocol prior transfer to the DECO Operational Wallet?					Yes. The Deco auditor wallet has received 465,625 DAI on November 29, 2021 https://etherscan. io/tx/0xab810a967ba4a68862c4433ec4185fbe1a3ff121bf4b38535a2aab4a8e9908a4			
is the Deco operational wallet controlled by more than 1 signer?					Yes: DECO Operational Wallet quorum (2:3) Controlled by the DECO Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x02E5C562B8789Ee1a8e7D74F0F02A141EDE6B0C8 eth:0x40126C76BE72a3Dc7FffDf24B6928F591c2a2498 eth:0x4B2BE32631877474F8CB1d074A26affef007E98FB			
Audit Questions to the 1. Monthly Deco Revenue section								
Does the Monthly Revenue in DAI in the budget statement match the revenue stream in the Deco protocol 1.1 wallet 0xA78F1F5698f8d345a14d7323745C6c56f88227F0?	~				Yes. No trace of DAI trx. before September 29, 2021.			
Is the calculation of the revenue in the budget statement correct?			_					
Audit Questions to the 2. MakerDAO Disbursements section				_				
Does the MakerDAO Disbursements match the approved monthly fixed floor?	~				No disbursements are traced before December 1st, 2021			
Is the lifetime amount specified in the MakerDAO disbursements table correct?	~				Yes.			

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MIP40c3-SP36: https://forum.makerdao.com/t/mip40c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10

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
Is the prior month specified in the MakerDAO disbursements table correct?		Yes.			
Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?					
Audit Questions to the 3. Maker Protocol Credits					
ls the total lifetime DAI distributions specified correctly in the Maker Protocol Credits table?		Yes.			
Is the lifetime MKR Distributions specified correctly in the Maker Protocol Credits Table?		Yes.			
Is the calculation ot the Maker Protocol Credits Grand Total correct?		Yes.			
Audit Questions to the 4. Monthly Term Operating Commitment					
Is Deco revenue for the given month specified correctly in the monthly term operating commitment table? 4.1		Yes.			
$\label{lem:bound} \mbox{Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?} \\ 4.2$	☑ □ □ □	Yes.			
Is Deco's revenue above the fixed monthly floor?		No.			
Is the calculation of the total monthly MakerDAO commitment table correct? 4.4 $$		Yes.			
Has the DECO Operational wallet received a top-up after the last Monthly Budget Statement audit?					
Audit Questions to Section Monthly Budget Statement - Section 5. MKR Vesting Overview -					
Has Deco indicated the number of FTE in the Monthly Budget Statement's MKR vesting overview? 5.1		No. Deco has a fixed rate of 1,500 MKR over three years.			
Are the MKR vesting dates the same as in the MIP40c3-SP36? 5.2		Yes.			
5.3 Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?		No.			
Has Deco explained the MKR change in the Monthly Budget Statement?		This control can only be done if the above question is yes.			
Audit Questions to Section Monthly Budget Statement - Section 6. MIP Term MakerDAO Protocol Commitment/Credit Accounting -					
Is the specified month in the MIP Term MakerDAO Protocol Commitment /Credit Accounting table correct? 6.1		Yes.			
It the grand total Lifetime DAI Distributions for the given month specified correctly in the table? 6.2		Yes.			
ls the grand total Lifetime MKR Distributions @2.945 DAI/MKR specified correctly in the table?		Yes.			
Is the calculation of the Deco Revenue Credits to Maker Protocol correct? 6.4		Yes.			
Is the TOTAL Maker Protocol Advance to Deco Core Unit calculation correct?		Yes.			
Audit Questions to Section Monthly Budget Statement - Section 7. Monthly Dai Transfers -					

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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
Does the Deco request for the new transfer match the monthly floor?	✓ □ □ Ves.				
Is the recipient multisig addrress "operational wallet ETH address" specified correctly?	✓				