# Audit Report

**Core Unit Name:  IS**
**Audit ID: 2022-04-IS001**
**Audit Cycle: 2022 - 04 /1**
**Audit Date: 05-10-2022**
**Audit Result: IS Needs CU Action**
**Submission Date: 05-03-2022**
**Facilitator contact: @psychonaut#7023**
**Core Unit Clarification Received on Date:**
Transparency Report: https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-04.md
MIP4c2-SP17: https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869
MIP40c3-SP58: https://forum.makerdao.com/t/mip40c3-sp58-modify-core-unit-budget-immunefi-security-core-unit-budget-is-001/12598
MIP40c3-SP42: https://forum.makerdao.com/t/mip40c3-sp42-adding-immunefi-security-core-unit-budget-is-001/10813
MIP40c3-SP41: https://forum.makerdao.com/t/mip40c3-sp41-immunefi-security-core-unit-mkr-budget-is-001/10814

| Color | Meaning |
|---|---|
| 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 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 MIP40c3-SP58** | | | | | **Note.- IS Budget MIP40c3-SP58 was ratified on 02-28-2022 and MIP4c2-SP17 was ratified on 03-28-2022** | | | |
| 0.1 | Are the sections in the Monthly Budget Statement in the right order: Actuals, Forecast, MKR vesting and Transfers? | ☑ | ☐ | ☐ | | Yes. | | | |
| 0.2 | Does the Actual section include breakdowns with Budget Category, Forecast, Actuals, Difference, Payments and Reason for the diff. ? | ☑ | ☐ | ☐ | | Yes. | | | |
| 0.3 | Does the Budget Forecast summary contain the Qly budget cap? | ☑ | ☐ | ☐ | ☐ | Yes. IS has added the approved Bounty payout budget of 100,000 +15% per month from April 2022. https://mips.makerdao.com/mips/details/MIP40c3SP58#sentence-summary https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869 | | | |
| 0.4 | Does the Budget Forecast cover 3 months with a summary and Budget Category breakdown? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 0.5 | Does the Budget Forecast summary and breakdown contain the budget caps for comparison? | ☐ | ☐ | ☑ | ☐ | Yes. However IS needs to review the periodic budget cap in the forecast summary, the correct amount is 146,250 + 300,000 = 446,250   including the 15%. 513,187.50  (513,188). | | | |
| 0.6 | Are the Budget Forecast Breakdown categories in the Monthly Budget Statement the same as in the MIP40c3-SP58 and MIP4c2-SP17? | ☑ | ☐ | ☐ | ☐ | IS added the bounty payout budget category in the Budget Forecast Breakdown. | | | |
| 0.7 | Is the Multi-sig wallet setup the same as described in the MIP40c3-SP58? | ☑ | ☐ | ☐ | | Yes: IS Operational Wallet quorum (2:3)<br><br>Controlled by the IS Core Unit team<br>Address: 0x124c759D1084E67B19a206ab85c4527Fab26c342<br>Signers<br>0x2BC5fFc5De1a83a9e4cDDfA138bAEd516D70414b<br>0xAcAf835934eE40E0d5ee3F941E283499F8Ad97eD<br>0xFfC87601A80d3e4F0aF083a899e3fee203C23cF0 | | | |
| 0.8 | Is the IS operational wallet controlled by more than 1 signer? | ☑ | ☐ | ☐ | | Yes, the IS operational wallet has a current policy of 2 out of 3 signers | | | |
| 0.9 | Has the IS auditor wallet received the initial seed funds from the protocol prior transfer to the IS Operational Wallet? | ☑ | ☐ | ☐ | | Yes, the auditor wallet has received 195,443 DAI from the protocol https://etherscan.io/tx/0xab810a967ba4a68862c4433ec4185fbe1a3ff121bf4b38535a2aab4a8e9908a4 The MIP40c3-SP42  total budget cap less contingency buffer is 106,250 DAI. This initial transfer includes yearly and one time costs described in the MIP. | | | |
| 0.10 | Has the IS auditor wallet received the initial funds for the operational audits from the protocol prior transfer to the IS Operational Wallet? | ☑ | ☐ | ☐ | | Yes, the auditor wallet has received 138,000 DAI from the protocol on March 6, 2022 https://etherscan.io/tx/0x25a0b1ac21cb1a70f76d14687c56025133d987ebc37d6e538e7a5e7764083600 | | | |
| 0.11 | Has the IS Operational wallet received a top-up after the audit of the last Monthly Budget Statement? | ☑ | ☐ | ☐ | | Yes, the IS Operational wallet received 329,405 DAI as requested in the March 2022 Budget Statement.  https://gnosis-safe.io/app/eth:0x124c759D1084E67B19a206ab85c4527Fab26c342/transactions/history | | | |
| | **Audit Questions to the Monthly Budget Statement - Section 1. Last Month Actuals -** | | | | | | | | |
| 1.1 | Is the actuals budget category breakdown the same as in the MIP40c3-SP58? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 1.2 | Is the transparency report actual´s forecast the same as the last published forecast for the same month? | ☐ | ☑ | ☐ | ☐ | Software and infrastructure was not forecasted in March 2022. | | | |
| 1.3 | Are the differences between forecast and actuals explained in the transparency report? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 1.4 | Are the IS actual expenses within the MIP40c3-SP458 total buget cap? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 1.5 | Are the IS actual expenses within the total MIP40c3-SP58 budget cap for the current quarter? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |

# Audit Report

**Core Unit Name:  IS**
**Audit ID: 2022-04-IS001**
**Audit Cycle: 2022 - 04 /1**
**Audit Date: 05-10-2022**
**Audit Result: IS Needs CU Action**
**Submission Date: 05-03-2022**
**Facilitator contact: @psychonaut#7023**
**Core Unit Clarification Received on Date:**
Transparency Report: https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-04.md
MIP4c2-SP17: https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869
MIP40c3-SP58: https://forum.makerdao.com/t/mip40c3-sp58-modify-core-unit-budget-immunefi-security-core-unit-budget-is-001/12598
MIP40c3-SP42: https://forum.makerdao.com/t/mip40c3-sp42-adding-immunefi-security-core-unit-budget-is-001/10813
MIP40c3-SP41: https://forum.makerdao.com/t/mip40c3-sp41-immunefi-security-core-unit-mkr-budget-is-001/10814

| Legend | |
|---|---|
| Approved | 🟩 |
| Approved with comments | 🟨 |
| Needs action before approval | 🟧 |
| Escalate | 🟥 |

| # | 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 |
|---|---|---|---|---|---|---|---|---|---|
| 1.6 | Has the IS ChainSecurity fees any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes. The forecast is 10,000 and the actual expense is 0. | IS explains in the budget statement that the difference is due to " no usage." | | |
| 1.7 | Are the Qly budget caps (both totals and per category) the same as in the MIP40c3-SP58? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 1.8 | Has the IS DeFi Safety any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes, the forecast is 5,100 and the actual expense is 0. | The difference is due to "no usage." | | |
| 1.9 | Has the IS Facilitator fee any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes. The forecast is 2,083 and the actual expense is 0. | IS explains that this expense is defferred to the next month. | | |
| 1.10 | Has the IS Deputy Facilitator fee any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | The forecast is 10,000 and the actual expense is 0. | The difference is due to "deferred to next month" | | |
| 1.11 | Has the IS Company set up fees any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | No one time expenses registered for April 2022. | | | |
| 1.12 | Has the IS Gas fees any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes. The forecast is 1,000 and the actual expense is 1,749, this gives a negative difference of 749. | IS bouth 0.5 ETH for gas. | | |
| 1.13 | Has the Immunifi fees any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes. The forecast is 35,000 and the actuals is 0. | IS explains in the budget statement that the difference is due to "wallet not set up" | | |
| 1.14 | Has the IS Operational audit fees any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes. The forecast is 120,000 and the actuals is 0. | IS explains in the budget statement that the operational audits are not started yet. | | |
| 1.15 | Has the IS Software and Infrastructure any significant deviations between forecast and actuals? | ☑ | ☐ | ☐ | ☐ | Yes. The forecast is 0 and the actual expense is 113. There is a negative difference of 113. | IS explains in the budget statement that the reason for the difference is due to the repair of the NitroPad laptop. | | |
| 1.16 | Has the IS presented the correct calculation of amounts for the actuals, forecast and difference? | ☐ | ☐ | ☑ | ☐ | No. The total forecast sum in the actuals section is 337,083. The correct amount is 337,183. | | IS should correct the Forecast total amount to 337,183. | |
| 1.17 | Has the IS any budget category that seems inconsistent and needs further investigation? | ☑ | ☐ | ☐ | ☐ | No. | | | |
| | Audit Questions to the Monthly Budget Statement - Section 2. Budget Forecast - | | | | | | | | |
| 2.1 | Are the budget caps (both totals and per category) the same as in the MIP40c3-SP58 and MIP4c2-SP17? | ☑ | ☐ | ☐ | | IS has added the Bounty Payout budget category to its forecast for April, Maj, and June 2022. The IS CU has, per March 28th, 2022, an approved budget of 100,000 + 15% = 115,000 DAI per month to be used for bug bounty payments. | | | |
| 2.2 | Are the quarterly forecast within the bounds of the  MIP40c3-SP58 and MIP4c2-SP17 budget caps? | ☐ | ☐ | ☑ | ☐ | No, the total Immunifi forecast is 65,000 and the total budget cap + buffer is 34,500. The deputy facilitator forecast total is 40,000 and the budget cap + buffer is 34,500. The total forecast facilitator is 14,583 and the budgetcap+buffer is 7,188. | | IS should review the forecast if the individual budget categories that exceed the Budged Cap + Buffer. | |
| 2.3 | Are the quarterly forecast totals within the approved MIP40c3-SP58 and MIP4c2-SP17 budget caps? | ☑ | ☐ | ☐ | | The total forecast is within the approved Budget Cap + buffer, however some individual budget categories are over the individual budget Cap + Buffer. IS should review the individual budget categories. | | | |
| 2.4 | Has the IS presented the correct calculation of amounts in the Budget Forecast section? | ☐ | ☐ | ☑ | ☐ | IS needs to review the periodic budget cap in the forecast summary, the correct amount is 146,250 + 300,000 = 446,250 and  513,187.50  including the 15%. | | IS should review the periodic budget amount. | |
| 2.5 | Is there a year to date forecast versus expenses observation | ☐ | ☐ | ☑ | ☐ | There is a notorious delay in the use of funds. | | IS needs to clarify the reasons for the delay. | |
| | Audit Questions to the Monthly Budget Statement - Section 3. MKR Vesting Overview - | | | | | | | | |
| 3.1 | Has IS indicated the number of FTE in the Monthly Budget Statement´s MKR vesting overview? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |

## Audit Report

**Core Unit Name:  IS**

**Audit ID: 2022-04-IS001**

**Audit Cycle: 2022 - 04 /1**

**Audit Date: 05-10-2022**

**Audit Result: IS Needs CU Action**

**Submission Date: 05-03-2022**

**Facilitator contact: @psychonaut#7023**

**Core Unit Clarification Received on Date:**

Transparency Report: https://github.com/makerdao-is/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-04.md

MIP4c2-SP17: https://forum.makerdao.com/t/mip4c2-sp17-rapid-payment-for-small-bug-bounties-mip64-mip40c3-sp42-amendment/12869

MIP40c3-SP58: https://forum.makerdao.com/t/mip40c3-sp58-modify-core-unit-budget-immunefi-security-core-unit-budget-is-001/12598

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

MIP40c3-SP41: https://forum.makerdao.com/t/mip40c3-sp41-immunefi-security-core-unit-mkr-budget-is-001/10814

| Color | Meaning |
|---|---|
| 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 Monthly Budget Statement | Medium Term CU Action to Improve Monthly Budget Statement |
|---|---|---|---|---|---|---|---|---|---|
| 3.2 | Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP41? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 3.3 | Are the MKR vesting dates the same as in the MIP40c3-SP41? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |
| 3.4 | Has IS changed the MKR amounts comparing it to the MIP40c3-SP41? | ☑ | ☐ | ☐ | ☐ | No. | | | |
| 3.5 | Has IS explained the MKR change in the Monthly Budget Statement? | ☐ | ☐ | ☐ | ☐ | This control can only be made if the answer to the above question is yes. | | | |
| | **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, the balance is 279,045 DAI on March 31, 2022. | | | |
| 4.2 | Are the payments from the operational wallet the same as in the actuals payments? | ☑ | ☐ | ☐ | ☐ | Yes. | | | |