

Audit Report

Core Unit Name: DUX

Audit ID: 2023-02-DUX-001

Audit Cycle: 2023-02/1

Audit Date: 2023-03-24

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Audit Result: Needs CU Action

Facilitator contact: @venture

Core Unit Clarification Received Date:

Transparency Report expense.makerdao.network: https://expenses.makerdao.network/core-unit/DUX/finances/reports?searchText=DUX&actuals

Transparency Report Github: https://github.com/makerdao-dux/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2023-02.md

MIP40c3-SP82: https://mips.makerdao.com/mips/details/MIP40c3SP82#anagazalh-summary

MIP40c3-SP26: https://forum.makerdao.com/t/mip40c3-sp26-development-uk-core-unit-budget-dux-001/9774

MIP40c3-SP52: https://forum.makerdao.com/t/mip40c3-sp52-development-uk-core-unit-budget-dux-001/12085

MIP40c3-SP27: https://forum.makerdao.com/t/mip40c3-sp27-development-uk-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 and MIP40c3-SP82					Note that DUX has a new approved budget per Feb 1st, 2023 MIP40c3-SP82.			
0.1	Are the sections in the transparency report in the right order: Actuals, Forecast, MKR vesting and Transfers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.2	Does the actual section include breakdowns per wallet with Budget Category, Forecast, Actuals, Difference and Payments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.3	Does the budget forecast cover 3 months with summary and budget category breakdown?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.4	Does the budget forecast summary and breakdown contain the quarterly budget caps for comparison?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.5	Does the budget forecast summary contain the Global/total budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.6	Are the budget forecast categories in the transparency report the same as in the MIP40c3-SP52?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DUX has adopted the standard MakerDAO nomenclature for the budget categories. No. DUX clarified the change of wallet address for one team member in Feb 2022. ETH address eth:0bEdtC76C86Aa8Ea08b1B918aB2ebC4A1465745c was added February 8th 2022 and eth:0bf66e928BBDfD84A9DEE179Ac226be16ec850DA was removed on February 9th 2022.			
0.7	Is the operational wallet Multi-sig wallet setup the same as described in the MIP40c3-SP52?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Operational wallet controlled by the current DUX Core Unit team Address: 0bEdtC76C86Aa8Ea08b1B918aB2ebC4A1465745c Signers eth:0b14341f81dF14cA8EE1420eC9e6Abd343Fb1c5b1C eth:0d388e9e3a889c4cDf3752C1A1Cf8887530dE673dE eth:0d8567A5a5d597ad8660392A0b3d40b33c02a0d6d eth:0d0797f7e44b40a453c59d0A8e6C71C275F0a1018 eth:0d4d6c355D0D14738996382a5Df626027544f9342A eth:0bEdtC76C86Aa8Ea08b1B918aB2ebC4A1465745c			The Budget Implementation diagram in the MIP40c3-SP52 was updated with the new operational wallet eth address eth:0xdcd1cc76c86a8a8e08b1b918ab2ebc4a1465745c and the removal of eth address eth:0xd66ee328BBDfD84A9DEE179Ac226be16ec850DA
0.8	Is the DUX operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the DUX operational wallet has a current policy of 3 out of 6 signers.			
0.9	Is the auditor wallet Multi-sig wallet setup the same as described in the MIP40c3-SP52?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Auditor Wallet requires 2 out of 2 confirmations. Auditor's wallet eth address: eth:0d5A99d82428CF8CC153863CcdA9D2B6352f89ad Signers: Accountant role wallet eth:0dA2A855A4c8D2a92a8A5a437690875261535c8320C Auditor role wallet eth:0d824a57e22494acDDe17355b8A8160c02a8a86a6			
0.10	Has the DUX auditor wallet receive funds from the protocol?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. It received funds from the new vesting stream ID 14.			
0.11	Has the DUX auditor wallet sufficient funds to top up the Dux operational wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.12	Has the DUX operational wallet received a top-up after the audit of the last transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. DUX has received the requested funds in the January 2023 budget statement.			

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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			DUX needs to add the report to expense.makerdao.network
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.			
	Has the DUX Compensation & Benefits any significant deviations between forecast and actuals?								
1.6		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast is 94,251.72 DAI and the actual expense is 132,214.06 DAI, this results in a positive difference of 37,962.34	"Difference due to the payment of a delayed January salary and another salary sent to accountable to hold as a deposit."		
1.7	Has the DUX Travel & Entertainment any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 4,000 and the actual expense is 282.92, this results in a positive difference of 3,717.08			
	Has the DUX Software Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the forecast is 4,145.86 and the actual expense is 22,368.97, this gives a negative difference of 18,223.11. This expense is over the approved budget of 9,000 per month, however the total expenses are within the monthly approved budget cap.	"Alchemy was billed 18,034.68 DAI (not forecasted), increased software costs due to a (DIPoS attack)"		
1.8	Has the DUX Gas Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
1.9	Has the DUX Admin Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the forecast is 4,700 DAI and the actual expense is 5,265.11, which gives a negative difference of 565.11.	"Higher payment processor fees."		
1.10	Has the DUX one-time expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This budget category was not reported in the Actual section.			
1.11	Has the DUX Professional Services 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 presented the correct calculation of amounts for the actuals, forecast and difference?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No. The calculation of the difference between the Forecast and the Actuals for the compensation category is incorrect.			DUX needs to correct the diff. amount for the compensation category and correct the total diff.
1.13	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.			
	Other observations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The total February 2023 actuals are over the monthly budget cap, but within the quarterly budget cap. The May 2023 compensation forecast is higher than the monthly budget cap but the total forecast is within the qly budget cap. As it is possible now for DUX to show a complete budget statement report at expense.makerdao.network, the Github reporting can end.			DUX needs to push the data for the transparency reporting via the budget tool to expense.makerdao.network. Including FTE and comments to explain the differences.
1.15		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Note that DUX has a new approved budget per Feb 1st, 2023 MIP40c3-SP82			
Audit Questions to Transparency Report - Section 2. Budget Forecast -									
2.1	Does the transparency report display the MIP40c3-SP82 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 MIP-40c3-SP82?	<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 end MIP-40c3-SP82 budget caps?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The May 2023 compensation forecast is higher than the monthly budget cap but the total forecast is within the qly budget cap. As it is possible now for DUX to show a complete budget statement report at expense.makerdao.network			
2.4	Are the monthly forecast totals within the MIP-40c3-SP82 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
Audit Questions to Transparency Report - Section 3. MKR Vesting Overview -									
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. The FTE for February 2023 is 7.			
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"/>	The Approved MKR budget covers 3 years for 6 FTEs for max. 1982.87 MKR.			
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"/>	Yes. The MKR amount with vesting date Dec 31, 2022 has changed from 210.85 to 180.6 due to a decrease in FTE.		
3.7	Has DUX explained the MKR change in the transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
3.8	Other observations	<input checked="" 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"/>	The balance is the Feb 2023 balance before the Mar 2023 payments.		
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.		
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.		