Audit Report

Core Unit Name: Deco
Audit ID: 2022-09-Deco-001
Audit Cycle: 2022-9/ 1
Audit Date: 09-09-2022
Submission Date: 09-02-2022
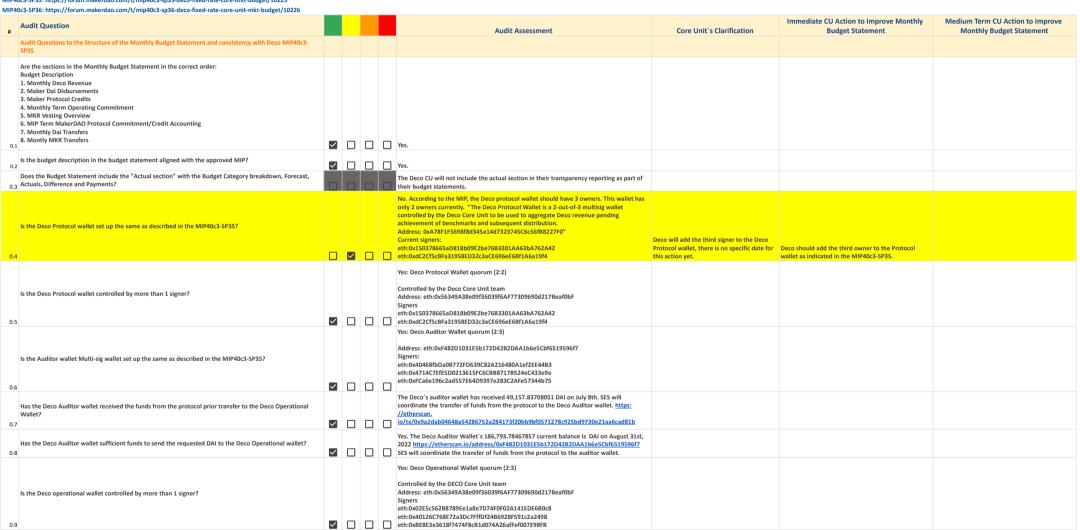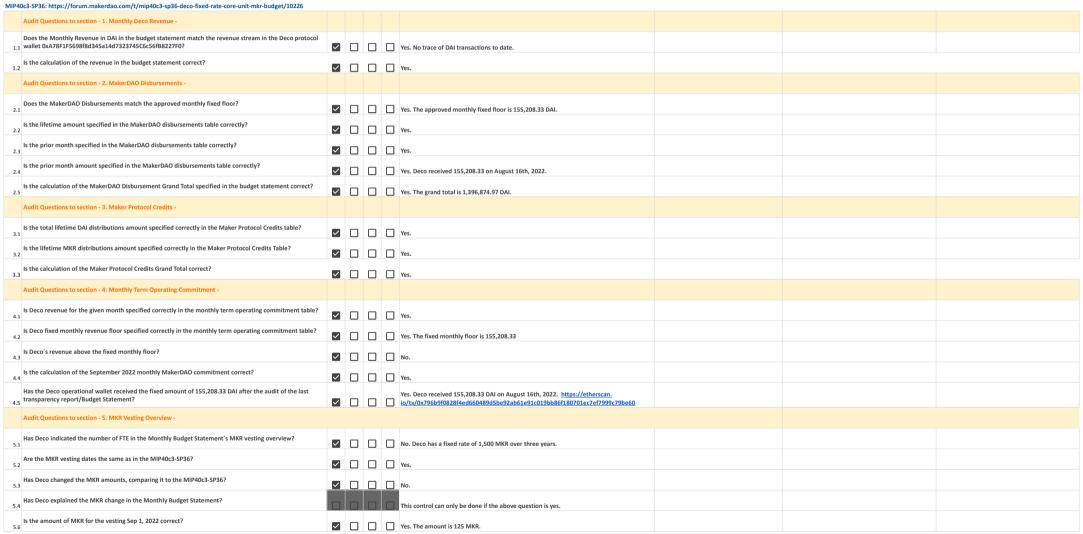**Audit Result: Approved with comments**
CU contact: Vamsi Alluri
Core Unit Clarification Received on Date:
Transparency Report: https://github.com/deco-protocol/maker-cu-transparency-reporting/blob/main/monthy-budget-statements/2022-09.md
MIP40c3-SP35: https://forum.makerdao.com/t/mip40c3-sp35-deco-fixed-rate-core-unit-budget/10225
MIP40c3-SP36: https://forum.makerdao.com/t/mip40c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10226

Colour	Meaning
Green	Approved
Yellow	Approved with comments
Orange	Needs action before approval
Red	Insolute

#	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								
0.1	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 8. Montly MKR Transfers	☑	☐	☐	☐	Yes.			
0.2	Is the budget description in the budget statement aligned with the approved MIP?	☑	☐	☐	☐	Yes.			
0.3	Does the Budget Statement include the "Actual section" with the Budget Category breakdown, Forecast, Actuals, Difference and Payments?	☐	☐	☐	☐	The Deco CU will not include the actual section in their transparency reporting as part of their budget statements.			
0.4	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: 0xA78F1F5698f8d345a14d7323745C6c56fB8227F0" Current signers: eth:0x150378665aD818b09E2be76B3301AA63bA762A42 eth:0xdC2Cf5cBFa31958ED32c3aCE696eE6Bf1A6a19f4	Deco will add the third signer to the Deco Protocol wallet, there is no specific date for this action yet.	Deco should add the third owner to the Protocol wallet as indicated in the MIP40c3-SP35.	
0.5	Is the Deco Protocol wallet controlled by more than 1 signer?	☑	☐	☐	☐	Yes: Deco Protocol Wallet quorum (2:2) Controlled by the Deco Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x150378665aD818b09E2be76B3301AA63bA762A42 eth:0xdC2Cf5cBFa31958ED32c3aCE696eE6Bf1A6a19f4			
0.6	Is the Auditor wallet Multi-sig wallet set up the same as described in the MIP40c3-SP35?	☑	☐	☐	☐	Yes: Deco Auditor Wallet quorum (2:3) Address: eth:0xF482D1031E5b172D42B2DAA1b6e5Cbf6519596f7 Signers: eth:0x40468fbDa0B772FD639C82A216480A1ef2EE44B3 eth:0x4714C7EffE5D0213615FC6CBB8717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75			
0.7	Has the Deco Auditor wallet received the funds from the protocol prior transfer to the Deco Operational Wallet?	☑	☐	☐	☐	The Deco´s auditor wallet has received 49,157.83708051 DAI on July 8th. SES will coordinate the transfer of funds from the protocol to the Deco Auditor wallet. https://etherscan.io/tx/0x9a2dab04648a54286752a284173f20bb9bf0571278c925bd9730e21aa6cad81b			
0.8	Has the Deco Auditor wallet sufficient funds to send the requested DAI to the Deco Operational wallet?	☑	☐	☐	☐	Yes. The Deco Auditor Wallet´s 186,793.78467857 current balance is DAI on August 31st, 2022 https://etherscan.io/address/0xF482D1031E5b172D42B2DAA1b6e5Cbf6519596f7 SES will coordinate the transfer of funds from the protocol to the auditor wallet.			
0.9	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:0x40126C768E72a3Dc7FffDf24B6928F591c2a2498 eth:0xBE8E3e3618f7474F8cB1d074A26afFef007E98FB			

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		Legend
	Approved	(green)
	Approved with comments	(yellow)
	Needs action before approval	(orange)
	Insolute	(red)

	Audit Questions to section - 1. Monthly Deco Revenue -					
1.1	Does the Monthly Revenue in DAI in the budget statement match the revenue stream in the Deco protocol wallet 0xA78F1F5698f8d345a14d7323745C6c56fB8227F0?	☑	☐	☐	☐	Yes. No trace of DAI transactions to date.
1.2	Is the calculation of the revenue in the budget statement correct?	☑	☐	☐	☐	Yes.
	Audit Questions to section - 2. MakerDAO Disbursements -					
2.1	Does the MakerDAO Disbursements match the approved monthly fixed floor?	☑	☐	☐	☐	Yes. The approved monthly fixed floor is 155,208.33 DAI.
2.2	Is the lifetime amount specified in the MakerDAO disbursements table correctly?	☑	☐	☐	☐	Yes.
2.3	Is the prior month specified in the MakerDAO disbursements table correctly?	☑	☐	☐	☐	Yes.
2.4	Is the prior month amount specified in the MakerDAO disbursements table correctly?	☑	☐	☐	☐	Yes. Deco received 155,208.33 on August 16th, 2022.
2.5	Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?	☑	☐	☐	☐	Yes. The grand total is 1,396,874.97 DAI.
	Audit Questions to section - 3. Maker Protocol Credits -					
3.1	Is the total lifetime DAI distributions amount specified correctly in the Maker Protocol Credits table?	☑	☐	☐	☐	Yes.
3.2	Is the lifetime MKR distributions amount specified correctly in the Maker Protocol Credits Table?	☑	☐	☐	☐	Yes.
3.3	Is the calculation of the Maker Protocol Credits Grand Total correct?	☑	☐	☐	☐	Yes.
	Audit Questions to section - 4. Monthly Term Operating Commitment -					
4.1	Is Deco revenue for the given month specified correctly in the monthly term operating commitment table?	☑	☐	☐	☐	Yes.
4.2	Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?	☑	☐	☐	☐	Yes. The fixed monthly floor is 155,208.33
4.3	Is Deco´s revenue above the fixed monthly floor?	☑	☐	☐	☐	No.
4.4	Is the calculation of the September 2022 monthly MakerDAO commitment correct?	☑	☐	☐	☐	Yes.
4.5	Has the Deco operational wallet received the fixed amount of 155,208.33 DAI after the audit of the last transparency report/Budget Statement?	☑	☐	☐	☐	Yes. Deco received 155,208.33 DAI on August 16th, 2022. https://etherscan.io/tx/0x796b9f0828f4ed660489d5be92ab61e91c019bb86f180701ec7ef7999c79be60
	Audit Questions to section - 5. MKR Vesting Overview -					
5.1	Has Deco indicated the number of FTE in the Monthly Budget Statement´s MKR vesting overview?	☑	☐	☐	☐	No. Deco has a fixed rate of 1,500 MKR over three years.
5.2	Are the MKR vesting dates the same as in the MIP40c3-SP36?	☑	☐	☐	☐	Yes.
5.3	Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?	☑	☐	☐	☐	No.
5.4	Has Deco explained the MKR change in the Monthly Budget Statement?	☐	☐	☐	☐	This control can only be done if the above question is yes.
5.6	Is the amount of MKR for the vesting Sep 1, 2022 correct?	☑	☐	☐	☐	Yes. The amount is 125 MKR.

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	Insolute

5.7	Is the recipient multi-sig address "Auditor wallet eth address" specified correctly?	☑	☐	☐	☐	Yes. The Auditor wallet eth address in the transparency report is 0xF482D1031E5b172D42B2DAA1b6e5Cbf6519596f7
	Audit Questions to section - 6. MIP Term MakerDAO Protocol Commitment/Credit Accounting -					
6.1	Is the specified month in the MIP Term MakerDAO Protocol Commitment /Credit Accounting table correct?	☑	☐	☐	☐	Yes.
6.2	Is the grand total Lifetime DAI Distributions including the given month specified correctly in the table?	☑	☐	☐	☐	Yes.
6.3	Is the grand total Lifetime MKR Distributions @2.945 DAI/MKR specified correctly in the table?	☐	☑	☐	☐	MKR distribution needs updating.
6.4	Is the calculation of the Deco Revenue Credits in DAI to Maker Protocol correct?	☑	☐	☐	☐	Yes.
6.5	Is the TOTAL Present Maker Protocol Advance to Deco Core Unit calculation correct?	☑	☐	☐	☐	Yes.
	Audit Questions to section - 7. Monthly Dai Transfers -					
7.1	Does the Deco request for the new transfer match the monthly floor?	☑	☐	☐	☐	Yes.
7.2	Is the recipient multi-sig address "operational wallet ETH address" specified correctly?	☑	☐	☐	☐	Yes. The multi-sig eth address is 0x56349A38e09f36039f6AF77309690d217Beaf0bF
7.3	Is the MKR transfer amount corret?	☑	☐	☐	☐	Yes. Deco is requesting the transfer of 500 MKR to their operational wallet by September 1, 2022. SES will coordinate the transfer.
7.4	Has the Deco Auditor wallet received the 125 MKR from the MakerDAO protocol corresponding to the September 1st. 2022 Vest?	☑	☐	☐	☐	Yes. Deco has received the 125 MKR on September 10th, 2022. https://etherscan. io/tx/0xc7b9a63843aef10b39fa7d894562996c981e8d3adb8ff736c53cfb4e1a28c2fe
7.5	Has the Auditor wallet transferred the 500 MKR corresponding to the June 2022 Vest to the Deco operational wallet?	☑	☐	☐	☐	Yes. 500 MKR were transferred to the Deco operational wallet on September 4th, 2022. https://etherscan. io/tx/0x62f3f4405c535b3da0559c62318e94c4aeab41766ce28290a05b6560aff1409b
7.6	Does the Deco Operational wallet need to return excess funds to the Auditor wallet based on the September 2022 budget report?	☑	☐	☐	☐	No.
7.7	Does Deco Auditor wallet need to return excess funds to the MakerDAO Protocol based on the September 2022 budget report?	☑	☐	☐	☐	No.