

Audit Report

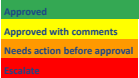
Core Unit Name: Deco
Audit ID: 2022-08-Deco-001
Audit Cycle: 2022-08/ 1
Audit Date: 08-09-2022
Submission Date: 08-03-2022
Audit Result: Approved with comments
CU contact: Vamsi Alluri

Core Unit Clarification Received on Date:

Transparency Report: <https://github.com/deco-protocol/maker-cu-transparency-reporting/blob/main/monthly-budget-statements/2022-08.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>



#	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. MKR Transfers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.2	Is the budget description in the budget statement aligned with the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
0.3	Does the Budget Statement include the "Actual section" with the Budget Category breakdown, Forecast, Actuals, Difference and Payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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:0xdC2Cf5c8Fa31958ED32c3aCE696eE6Bf1A6a19f4	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: Deco Protocol Wallet quorum (2:2) Controlled by the Deco Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x150378665aD818b09E2be76B3301AA63bA762A42 eth:0xdC2Cf5c8Fa31958ED32c3aCE696eE6Bf1A6a19f4			
0.6	Is the auditor wallet Multi-sig wallet set up the same as described in the MIP40c3-SP35?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: Deco Auditor Wallet quorum (2:3) Address: eth:0xF482D1031E5b172D428DAA1b6e5Cb6519596f7 Signers: eth:0x40468fbDa08772FD639C82A216480A1ef2E4483 eth:0x4714C7EfE5D0213615FC6CB88717B524eC433e9a eth:0xFcA6e196c2ad557E64D9397e283C2AFe57344b75			
0.7	Has the Deco auditor wallet received the funds from the protocol prior transfer to the Deco Operational Wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Deco auditor wallet has received DAI on July 8th, 2022 and 500 MKR on July 1st, 2022. https://etherscan.io/tx/0x469d664b52c588742475b14b0d2bab28b6fad77ba29282867b98d9e4ece6482c			
0.8	Has the Deco auditor wallet sufficient funds to send the requested DAI to the Deco operational wallet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Deco auditor wallet current balance is 342,002.11467857 DAI on August 9th, 2022 https://etherscan.io/address/0xF482D1031E5b172D428DAA1b6e5Cb6519596f7 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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes: Deco Operational Wallet quorum (2:3) Controlled by the DECO Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x02E5c562B8789Ee1a8e7D74F0F02A141EDE680c8 eth:0x40126C768E72a3Dc7FHDf24B6928F591c2a2498 eth:0xBE8E3e3618f7474F8cB1d074A26affef007E98FB	Deco has changed one owner address due to change of wallet the new signers for the operational wallet are: eth:0x02E5c562B8789Ee1a8e7D74F0F02A141EDE680c8 eth:0x51A0c013Af896E8e9e789dE0cA362cd9380E7C6 eth:0xBE8E3e3618f7474F8cB1d074A26affef007E98FB		
	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. No trace of DAI transactions to date.			

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Needs action before approval

Pending

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1.2	Is the calculation of the revenue in the budget statement correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
Audit Questions to section - 2. MakerDAO Disbursements -									
2.1	Does the MakerDAO Disbursements match the approved monthly fixed floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The approved monthly fixed floor is 155,208.33 DAI.			
2.2	Is the lifetime amount specified in the MakerDAO disbursements table correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
2.3	Is the prior month specified in the MakerDAO disbursements table correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The prior month is July 2022.			
2.4	Is the prior month amount specified in the MakerDAO disbursements table correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Deco received 155,208.33 on July 8th, 2022.			
2.5	Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.2	Is the lifetime MKR distributions amount specified correctly in the Maker Protocol Credits Table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
3.3	Is the calculation of the Maker Protocol Credits Grand Total correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
4.2	Is Deco fixed monthly revenue floor specified correctly in the monthly term operating commitment table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The fixed monthly floor is 155,208.33			
4.3	Is Deco's revenue above the fixed monthly floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
4.4	Is the calculation of the August 2022 monthly MakerDAO commitment correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Deco received 155,208.33 DAI on July 8, 2022. https://etherscan.io/tx/0x566cc68dcf53e5b4f88640e4af594c3b1e7490525b1f5459832e575b28ff74a8			
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
5.3	Has Deco changed the MKR amounts, comparing it to the MIP40c3-SP36?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
5.4	Has Deco explained the MKR change in the Monthly Budget Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This control can only be done if the above question is yes.			
5.5	Is the recipient multi-sig address "auditor wallet eth address" specified correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
6.2	Is the grand total Lifetime DAI Distributions including the given month specified correctly in the table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			

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Approved

Approved with comments

Needs action before approval

Rejected

6.3	Is the grand total Lifetime MKR Distributions @2.945 DAI/MKR specified correctly in the table?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.	Deco will update this when the MKR Vests.		
6.4	Is the calculation of the Deco Revenue Credits in DAI to Maker Protocol correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
6.5	Is the TOTAL Present Maker Protocol Advance to Deco Core Unit calculation correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
Audit Questions to section - 7. Monthly Dai Transfers - MK transfer									
7.1	Does the Deco request for the new transfer match the monthly floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
7.2	Is the recipient multi-sig address "operational wallet ETH address" specified correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The multi-sig eth address is 0x56349A38e09f36039f6AF77309690d217Beaf0bF			
7.3	Are the Transfers of MKR to the auditor wallet reported in the budget statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
7.4	Is the MKR balance in the Auditor wallet correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The auditor wallet has received 500 MKR on July 1st, 2022 and the balance is 500 MKR on August 9th, 2022. The transaction to the operational wallet will occur in November 2022.			
7.5	Does the Deco Operational wallet need to return excess funds to the auditor wallet based on the August 2022 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
7.6	Does Deco Auditor wallet need to return excess funds to the MakerDAO Protocol based on the August 2022 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	SES will coordinate if excess funds from the Deco auditor wallet need to be returned to the Dssvest.			