

Audit Report

Core Unit Name: DUX

Audit ID: 2022-12-DUX-001

Audit Cycle: 2022-12/1

Audit Date: 01-20-2023

CU published BS date: 01-19-2023

Audit Result: Needs action

Facilitator contact: @venture

Core Unit Clarification Received Date: 01-19-2023

Transparency Report: <https://github.com/makerdao-dux/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-12.md>

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

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

MIP40c3-SP27: <https://forum.makerdao.com/t/mip40c3-sp27-development-ux-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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DUX has adopted the standard MakerDAO nomenclature for the budget categories.			
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"/>	No. DUX clarified the change of wallet address for one team member in Feb 2022. ETH address eth:0xED1c76C86AaE8eA08b1B918aB2eDc4A1465745c was added February 8th 2022 and eth:0xf666e928BBDEFD84A9DEE179Ac226be16ec850DA was removed on February 9th 2022. Operational wallet controlled by the current DUX Core Unit team Address: 0x8Cd0ad5C55498Aacb72b6689E1da5A284C69c0C7 Signers eth:0x14341f81dF14cA86E1420cC9e6Abd343Fb1c5b1C eth:0x388e9e5a889C4cDF3752C1AfCF88B758DE673eF eth:0x8967A9ad5097adb8603922A0b34d0633cb2daD6d eth:0xD797d7ea4B440aA933c9DdABeBCF1C879F0a1018 eth:0xda8E5b5DD1475B9BE382a5Dfe2602754Afff9342A eth:0xED1c76C86AaE8eA08b1B918aB2eDc4A1465745c		The Budget Implementation diagram in the MIP40c3-SP52 was updated with the new operational wallet eth address eth:0xED1c76C86AaE8eA08b1B918aB2eDc4A1465745c and the removal of eth address eth:0xf666e928BBDEFD84A9DEE179Ac226be16ec850DA	
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:0x5A994D8428CCEbCC153863CCdA9D28e6352f89ad Signers: Accountant role wallet eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C Auditor role wallet eth:0xB2da57e224949acDDe173a5b8A8160c023ea86e6			
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"/>	The Auditor Wallet received 804,191.45048903 DAI from the protocol on November 2nd, 2022. https://gnosis-safe.io/app/eth:0x5A994D8428CCEbCC153863CCdA9D28e6352f89ad/transactions/history			
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. The Auditor Wallet's current balance is 522,479.6 DAI on January 20th, 2023.			
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 November 2022.			
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. DUX has adopted the standard MakerDAO nomenclature.			

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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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
1.4	Are the DUX actual expenses within the montly MIP40c3-SP52 buget 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.			
1.6	Has the DUX Compensation & Benefits any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The forecast is 88,428.44 DAI and the actual expense is 84,897.79 DAI, this results in a positive difference of 530.65.	DUX explains in the budget report that the difference is due to "Variation on estimate. No outstanding reason."		
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 4,500 and the actual expense is 6,200.76, this results in a negative difference of 1,700.76.	"Higher accommodation costs."		
1.8	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 2,323.61 and the actual expenise is 15,865.01, this gives a negative difference od 13,541.40. This expense is over the approved budget of 9,000 per month, however the total expenses are within the monthly approved budget cap.		Review comment.	
1.9	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.		Report the budget category even if the forecast is 0 and the actual is 0.	
1.10	Has the DUX Admin Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, the forecast is 4,700 DAI and the actual expense is 10,388.59 DAI, which gives a negative difference of 5,688.59. Credit card Top-ups should not be registered as Actuals only as payment. As the actuals will be registered once the CU gets the bank statement and	"A credit card top up of 5,144.72 DAI was performed"	DUX needs to review the actual amount for this category, top-up to be included as payment but the actual amount in the sheet should be 0. Correct this category and the total amount for Actuals.	
1.11	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.			
1.12	Has the DUX Professional Services any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 14,500 and the actual expense is 26,145. This expense is over the approved monthly budget cap of 15,000. DUX has clarified that an error occurred in the registration of expenses in this category therefore the actuals are high.	"The contractor was paid for the month plus one month in advance."	DUX should correct the error, the actual amount should be registered under the right category. The forecast does not need to change only the actual. Review comment.	
1.13	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"/>	The top-up amount needs to be reviewed.		DUX needs to review if the credit card top-up was registered as an actual and correct the Actuals section.	
1.14	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.			
Audit Questions to Transparency Report - Section 2. Budget Forecast -						Note that DUX has a new approved budget per Feb 1st. 2023 MIP40c3-SP82			
2.1	Does the transparency report display the MIP40c3-SP52 and the MIP40c3-SP82 caps for both total and budget categories?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The MIP40c3-SP82 Budget cap should be added to the budget forecast section		Dux needs to have both Budget caps as one covers the month of January and the second covers the month of Feb and Mar 2023.	
2.2	Are the montly and quarterly budget caps (both totals and per category) the same as in the MIP40c3-SP52 and MIP-40c3-SP82?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. DUX needs to add the MIP-40c3-SP82 budget caps.		DUX needs to take action as indicated under assessment.	
2.3	Are the quarterly forecast within the bounds of the MIP40c3-SP52 and MIP-40c3-SP82 budget caps?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. DUX needs to add the MIP-40c3-SP82 budget caps.		DUX needs to take action as indicated under assessment.	
2.4	Are the montly forecast totals within the MIP40c3-SP52 and MIP-40c3-SP82 montly budget cap?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. DUX needs to add the MIP-40c3-SP82 budget caps.		DUX needs to take action as indicated under assessment.	
2.5	Has the DUX presented the correct calculation of amounts for the budget forecast?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. DUX needs to add the MIP-40c3-SP82 budget caps.		DUX needs to take action as indicated under assessment.	
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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, the FTE is included in the MKR Vesting overview section of the transparency report. Dux needs to review the current FTE.		DUX needs to take action as indicated under assessment.	
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP27?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	DUX needs to review the FTE and indicate the correct FTE for Dec. 2022.		DUX needs to take action as indicated under assessment.	

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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.	DUX explains the budget statement that the reason for the change from 210.85 MKR to 180.6 MKR is sue to "One worker is part time.)	
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"/>	Yes.		
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.		