

Audit Report

Core Unit Name: Deco
Audit ID: 2023-09-Deco-001
Audit Cycle: 2023-09/ 1
Audit Date: 2023-09-01
Submission Date: 2023-08-31
Audit Result: Approved with comments
CU contact: Vamsi Alluri
Core Unit Clarification Received on Date:
Transparency Report: <https://expenses.makerdao.network/core-unit/DECO>
Transparency Report : <https://hackmd.io/bvQ0Y7XTCXU8m4QZhnqA7view>
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					Note that this assessment will continue to use MIP40c3-SP35 as reference until there is a new executive that triggers changes for the payments from MakerDAO to Deco.			
	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. Monthly MKR Transfers								
0.1	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.			
0.2	Does the Budget Statement include the "Actual section" with the Budget Category breakdown, Forecast, Actuals, Difference and Payments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The Deco CU will not include the actual section in their transparency reporting as part of their budget statements.			
0.3	Is the Deco Protocol wallet set up the same as described in the MIP40c3-SP35?	<input type="checkbox"/>	<input 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: 0xA78F1F56988d345a14d733745C6c56fB8227f0 Current signers: eth-0d150378665a0818b09E2be76B3301AA63bA762A42 eth-0ddC2C5c8f6a31958ED323aCCE696eE6B1A6a19f4 Yes: Deco Protocol Wallet quorum (2:2)	Deco will add the third signer to the Deco Protocol wallet, there is no specific date for this action yet.		
0.4	Is the Deco Operational wallet controlled by more than 1 signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Controlled by the Deco Core Unit team Address: eth-0x56349A38ed09f36039f6AF77309690d217Beaf0bf Signers eth-0x51A0c013A1896E8e9e789dE0A362CdC93B0E7C6 eth-eth-0x02E5c562887896e1a8e7D74F0F02A141EDf680c8 eth-0xB8E8E3e36187474f8cB1d074A26aff007E98fB Yes: Deco Auditor Wallet quorum (2:3)			
0.5	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"/>	Address: eth-0xf482D1031E5b172D42B2DAA1b6e5Cb6519596f7 Signers: eth-0x04068fbDa0b772FD639c82A216480A1e2fEE44B3 (Removed on December 8, 2023) eth-0x4714C7fEfESD0213615fC6cB88717B524eC433e9a eth-0xfC6e4196c2ad557E64D9397e283C2AFe57344b75 eth-0xA2A855Ac8D2a2e92a85a437690875261535c8320C (Added on September 15th)			
0.6	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"/>	The Deco's auditor wallet has received 170,589.723690574903261471 DAI on July 13th, 2023. https://etherscan.io/tx/0x49a904c76e275aae96392dabf1a8ed844fe2d7f6a0a02c174cd2ea7603b34e9			
0.7	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 212,206.674312062373318592 on Aug 31st, 2023. https://app.safe.global/balances?safe=eth-0xf482D1031E5b172D42B2DAA1b6e5Cb6519596f7			
0.8		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

Approved
Approved with comments
Needs action before approval
Escalate

Audit Result: Approved with comments
CU contact: Vamsi Alluri
Core Unit Clarification Received on Date:

Transparency Report : <https://hackmd.io/bvQ0iY7xTCCXL8m4QZhaA?view>

MIP10c3-sp36: <https://forum.makerdac.com/t/min10c3-sp36-deco-fixed-rate-core-unit-mkr-budget/10>

					Yes: Deco Operational Wallet quorum (2:3)	
	Is the Deco operational wallet controlled by more than 1 signer?				Controlled by the DECO Core Unit team Address: eth-0b56349A38e09f360396Af77309690d2178ea0bf Signers eth-0x02f5c5628b789e1a8e7d74f0f02A141EDf6B0c8 owner eth-0x40126C768E72a3Dc7Ff0f72486928f591c2a2498 swaped on July 24, 2022 for current owner eth-0x51A0c013Af896E8e9c789dE0A362Cd-93B0E7C6 eth-0x8E8E3a3618f747f8cB1d074A26aFfe007E98fB	
0.9		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	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 1.1 protocol wallet 0xA78f1F56988d345a14d7323745c5656B8227f0?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. No trace of DAI transactions to date.	
1.2	Is the calculation of the revenue in the budget statement correct?	<input checked="" 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"/>	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"/>	Yes.	
2.3	Is the prior month specified in the MakerDAO disbursements table correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.	
2.4	Is the prior month amount specified in the MakerDAO disbursements table correctly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.	
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"/>	Yes.	
	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"/>	Yes.	
3.2	Is the calculation of the Maker Protocol Credits Grand Total correct?	<input checked="" 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"/>	Yes.	
4.2	Is Deco fixed monthly floor specified correctly in the monthly term operating commitment table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The fixed monthly floor is 155,208.33 DAI	
4.3	Is Deco's revenue above the fixed monthly floor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.	
4.4	Is the calculation of the August 2023 monthly MakerDAO commitment correct?	<input checked="" 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"/>	Yes. Deco operational wallet received 155,208.33 DAI on June 13th, 2023. https://etherscan.io/tx/0xd59d0c7b6c73aac9392dab1a8dbd84fe2d71c6a0902c174cd28a7693b34e9	
	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"/>	No. Deco has a fixed rate of 1,500 MKR over three years.	

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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.			
5.6	Is the amount of MKR for the vesting amount September 2023 correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The amount is 125 MKR.			
5.7	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 0x482D1031E5b172D4282DAA1b6e5Cb65195967			
5.8	Other observations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Deco Auditor wallet will receive the 125 MKR funds corresponding to the September 2023 vest after the transfer of the amount is approved by executive vote in October 2023.			
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.			
6.3	Is the grand total Lifetime MKR Distributions MKR specified correctly in the table?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
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	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
Audit Questions to section - 7. Monthly Dai Transfers -									
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	Is the MKR transfer amount correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
7.4	Is the Lifetime MKR amount transferred to the Auditor wallet correct?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the Auditor wallet will receive the September vest 125 MKR in October 2023.			
7.5	Is the Auditor wallet current MKR balance correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.			
7.6	Does the Deco Operational wallet need to return excess funds to the Auditor wallet based on the September 2023 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
7.7	Does Deco Auditor wallet need to return excess funds to the MakerDAO Protocol based on the September 2023 budget report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			
7.8	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.			