

Audit Report

Core Unit Name: Deco
Audit ID: 2022-12-Deco-001
Audit Cycle: 2022-12/ 1
Audit Date: 12-08-2022
Submission Date: 12-02-2022
Audit Result: Needs CU action
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/2022-12.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. Monthly 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: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? | <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:0x51A0c013Af896E8e9e789dE0cA362Cdc9380E7C6 eth:eth:0x02E5c56288789e1a8e7D74F0F02A141EDE6B0c8 eth:0xBE8E3e3618f7474F8cB1d074A26afFef007E98F8 | | | |
| 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"/> | Address: eth:0xF482D1031E5b172D42B2DAA1b6e5Cb6f519596f7 Signers: eth:0x40468fbDa08772FD639C82A216480A1ef2EE4483 eth:0x4714C7FE5D0213615FC6CB88717B524eC433e9a eth:0xFCa6e196c2ad557E64D9397e283C2AFe57344b75 eth:0xA2A855Ac8D2a92e8A5a437690875261535c8320C (Added on September 15th) | | | |
| 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"/> | The Deco’s auditor wallet has received 298,469.84518236 DAI on September 4th, 2022 https://etherscan.io/tx/0x62f3f4405c535b3da0559c62318e94c4aeab41766ce28290a05b6560aff1409b | | | |
| 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"/> | No. The Deco Auditor Wallet current balance is 19,638.63986094 DAI and 125 MKR on Dec 8th, 2022 https://etherscan.io/address/0xF482D1031E5b172D42B2DAA1b6e5Cb6f519596f7 The request of funds is pending execution in the Deco Auditor wallet. | | | |

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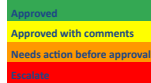
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|-----|--|-------------------------------------|--------------------------|-------------------------------------|---|--|---|--|
| | | | | | Yes: Deco Operational Wallet quorum (2:3) | | | |
| | Is the Deco operational wallet controlled by more than 1 signer? | | | | Controlled by the DECO Core Unit team Address: eth:0x56349A38e09f36039f6AF77309690d217Beaf0bF Signers eth:0x02E5c562B8789Ee1a8e7D74F0F02A141EDE6B0c8 owner eth:0x40126C768E72a3Dc7FFDf24B6928F591c2a2498 swapped on July 24, 2022 for current owner eth:0x51A0c013Af896E8e9e789dE0cA362Cdc93B0E7C6 eth:0xBE8E3e3618f7474F8cB1d074A26affef007E98FB | | | |
| 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 protocol wallet 0xA78F1F5698f8d345a14d7323745C6c56fB8227F0? | <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. Deco received 155,208.33 on November 7th, 2022. | | | |
| 2.5 | Is the calculation of the MakerDAO Disbursement Grand Total specified in the budget statement correct? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | No. The grand total in the budget statement is 1,862,249.96 DAI, the correct total is 1,862,499.96. | | Deco needs to correct the grand total amount. | |
| | 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 lifetime MKR distributions amount specified correctly in the Maker Protocol Credits Table? | <input checked="" 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"/> | 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 December 2022 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 received 155,208.33 DAI on November 7th, 2022. https://etherscan.io/tx/0x89313f1dfe701b1be975bfc3acc4c90d1f2a5558f07c2a54dd4774aaeba71e38 | | | |
| | 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 next vesting amount March 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 0xf482D1031E5b172D42B2DAA1b6e5Cb6519596f7 | | | |
| 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 @2.945 DAI/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 | 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 - | | | | | | | | | |
| 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 corret? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 7.4 | Has the Operational wallet paid out the 500 MKR corresponding to the June 2022 Vest? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | No. | | | |
| 7.5 | Has the Operational wallet paid out the 125 MKR corresponding to the September 2022 Vest? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | No. | | | |
| 7.6 | Is the Lifetime MKR amount transferred to the Auditor wallet correct? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | No. The MKR amount in the budget statement is 750 MKR. The Deco auditor wallet has received 650 MKR up to December 8th, 2022. | | Deco needs to correct the amount of received MKR from the Protocol. | |
| 7.7 | Is the Auditor wallet current MKR balance correct? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes. | | | |
| 7.8 | Does the Deco Operational wallet need to return excess funds to the Auditor wallet based on the December 2022 budget report? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | No. The Deco auditor wallet will request the accrued funds from the protocol. | | | |
| 7.9 | Does Deco Auditor wallet need to return excess funds to the MakerDAO Protocol based on the December 2022 budget report? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | No. | | | |