

Audit Report

Workforce Team Name: CES-001
 Team Lead Contact: @retrof1428 (Discord)
 Audit ID: CES001-2022-12/2
 Audit Cycle: December 2022
 Date Statement Submitted: 2023-01-31
 Audit Date: 2023-02-01 & 2023-02-23
 Audit Prepared By: SES
 Auditor Signoff: GovAlpha
 Clarification Provided Date: 2023-02-23
 Audit Conclusion: Approved with comments

SubAudit ID:
 Transparency Report: <https://expenses.makerdao.network/core-unit/CES/finances/reports?viewMonth=Dec2022>
 Approved Budget MIP: <https://mips.makerdao.com/mips/details/MIP40c3SP57#multisig-wallets>
 Approved MKR MIP40c3-SP30 <https://mips.makerdao.com/mips/details/MIP40c3SP30#sentence-summary>

Approved
 Approved with comments
 Needs action before approval
 Escalate

#	Audit Question					Audit Assessment	Core Unit's Clarification	Immediate CU Action to Improve Monthly Budget Statement
0	Structure of Monthly Budget Statement and Consistency with Approved Funding MIP40c3-SP57					Note.- The assessment of the budget statement is based on the data published in Github and expense.makerdao.network.		
0.1	Has the CU submitted the data no later than the last day of the following month?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
0.2	Are the sections in the transparency report populated with data for Actuals, Forecast, MKR vesting and Transfers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
0.3	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.		
0.4	Does the budget forecast cover three months with summary and budget category breakdown?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
0.5	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.		
0.6	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.		
0.7	Are the budget forecast categories in the transparency report the same as in the approved Funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
0.8	Is the operational wallet multi-sig wallet setup the same as described in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As of December 2022, the CES auditor wallet has the following signers: SES Accountant Role: 0xA2A855Ac8D2a92e8A5a437690875261535c8320C GovAlpha Auditor Role 0xDc85cE806d057f4E5425b1e211b78d5af2728Df3		
0.9	Is the operational wallet controlled by more than one signer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. Transactions require the confirmation of 2 out of 2 owners.		
0.10	Is the auditor wallet multi-sig wallet setup the same as described in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The following signers were removed from the auditor wallet: eth:0xEeF3026eF864C9398c008195E65d16D9cb42a512 eth:0xc8E6c287F6c127AFEE5e4CB30bC440607b44c35f8 eth:0xf63EfEE2A663b04cB5a09De6E3EB910d8442131D eth:0x86f2c2f1A278EeBd92b16A69C4469731B4e3e5DF		
0.11	Has the auditor wallet received funds from the protocol?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The latest transaction received from the protocol is 619,082.10 DAI on December 9, 2022.		
0.12	Has the auditor wallet sufficient funds to top up the operational wallet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No, the current balance is 67,656 DAI on February 23, 2023. SES and GovAlpha will coordinate the transfer of the funds to the CES auditor wallet.		
0.13	Has the operational wallet received a top-up after the audit of the last transparency report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES has adopted the Auditing Process as of December 2022. Therefore audit of CES transparency reports starts with the Dec 2022 budget statement report.		
0.14	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.		
1	Review of Last Month's Actuals							
1.1	Is the actuals budget category breakdown the same as in the approved budget MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES has adopted the standard MakerDAO budget categories.		

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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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. However travel and gas budget categories with 0 values that are forecasted in the Nov. 2022 report (expense.makerdao.network) are not presented in the actuals section.		
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 actual expenses within the monthly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
1.5	Are the actual expenses within the Global/total approved budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
1.6	Has the Compensation & Benefits any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 112,945.29 and the actual expense is 113,000.00, this gives a negative difference of 54.71.	CES explains in the budget report that the difference is due to "currency exchange rates."	
1.7	Has the Travel & Entertainment any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is no data in the Dec. 2022 budget statement to assess the Travel & Entertainment budget category.		
1.8	Has the Software Expense any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 525,83 and the actual expense is 340.75 this gives a positive difference of 185.08.	CES explains in the budget report that the difference is due to "Lower due to dropping subscriptions no longer needed"	
1.9	Has the Gas Expense any significant deviations between forecast and actuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is no data in the Dec. 2022 budget statement to assess the Gas Expense budget category.		
1.10	Has the Admin 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 155 and the actual expense is 205.99, this gives a negative difference of 50.99.	CES explains in the budget report that the difference is due to a "Forecasting error, neglected to include bank fees"	
1.11	Has the Professional Services any significant deviations between forecast and actuals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes. The forecast is 3,000 and the actual expense is 5,950.39, this gives a negative difference of 2,950.39.	CES explains in the budget report that the difference is due to "Forecasting estimation error."	
1.12	Are the amounts for the actuals, forecast and difference correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
1.13	Has any budget category that seems inconsistent and needs further investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.		
1.14	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No.		
2 Review of Budget Forecast								
2.1	Does the transparency report display the MIP's caps for both total and budget categories?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
2.2	Are the monthly and quarterly budget caps (both totals and per category) the same as in the approved funding MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
2.3	Are the quarterly forecasts within the bounds of the approved funding MIP's budget caps?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
2.4	Are the monthly forecast totals within the approved funding MIP's monthly budget cap?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
2.5	Are the calculation of amounts for the budget forecast correct?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		

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3 Review of MKR Vesting								
3.1	Has the indicated the number of FTE in the transparency report’s MKR vesting overview?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
3.2	Has the MKR vesting overview the same FTE comparing it to the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No the MIP40c3-SP30 has a 4 FTE the current is 3 FTE.		
3.3	Are the MKR vesting dates the same as in the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No. CES has updated the MKR vesting dates with the correct dates.		
3.4	Is the MKR total budget cap in the transparency report the same as in the approved MIP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CES has an approved budget cap of 2,889.46 MKR. The current CES Total MKR is 1,430.52.		
3.5	Has the MKR amounts changed comparing it to the last published transparency report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dec. 2022 is the first transparency report.		
3.6	Has the MKR change(s) been explained in the transparency report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes.		
3.7	Other observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	SES will review the MKR FTE at expense.makerdao.network once it is available.		
4 Review of Transfers								
4.1	Does the CES Operational Wallet balances match the Monthly Budget Statement 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. The on-chain payment is 123,025.27 DAI.		
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 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"/>	The CES facilitator requested 0 transfers to the operational wallet based on the December 2023 budget statement.		