Audit Report

Core Unit Name: DUX
Audit ID: 2022-10-DUX-001
Audit Cycle: 2022-10/1
Audit Date: 12-20-2022
CU published BS date: 12-14-2022
Audit Result: Approved with comments
Facilitator contact: @venture
Core Unit Clarification Received Date: 12-19-2022

Transparency Report:https://github.com/makerdao-dux/transparency-reporting/blob/main/Monthly%20Budget%20Statements/2022-10.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

Approved
Approved with comments
Needs action before approval
Failed

#	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				
0.1	Are the sections in the transparency report in the right order: Actuals, Forecast, MKR vesting and Transfers?	Yes.			
0.2	Does the actual section include breakdowns per wallet with Budget Category, Forecast, Actuals, Difference and Payments?	Yes.			
0.3	Does the budget forecast cover 3 months with summary and budget category breakdown?	Yes.			
0.4	Does the budget forecast summary and breakdown contain the quarterly budget caps for comparison?	Yes.			
0.5	Does the budget forecast summary contain the Global/total budget cap?	Yes.			
0.6	Are the budget forecast categories in the transparency report the same as in the MIP40c3-SP52?	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?	No. DUX clarified the change of wallet address for one team member in Feb 2022. ETH address eth:0xEd1cC76C86AaE8eA08b1B918aB2eDc4A1465745c was added February 8th 2022 and eth:0xf666ee928BBDEfD84A9DEE179Ac226be16ec850DA was removed on February 9th 2022.

Operational wallet controlled by the current DUX Core Unit team Address: 0x8Cd0ad5C55499Aacb72b6689E1daSA284C69c0C7 Signers eth:0x14341f81dF14cA86E1420eC9e6Abd343Fb1c5bfC eth:0x388e9e5a889C4cDF3f752C1AFcF88B75BDE673eE eth:0x8967A9ad5097adb8603922A0b34d0633cb2daD6d eth:0xD7397d7ea48440aA933c9DdAA8eBCF1C879F0a1018 eth:0xdaBE5bSDD147SB9BE382a5Dfe260275AAff9342A eth:0xEd1cC76C86AaE8eA08b1B918aB2eDc4A1465745c | The Budget Implementation diagram in the MIP40c3-SP52 was updated with the new operational wallet eth address eth:0xEd1cC76C86AaE8eA08b1B918aB2eDc4A14 65745c and the removal of eth address eth:0xf666ee928BBDEfD84A9DEE179Ac226be16e c850DA |
0.8	Is the DUX operational wallet controlled by more than 1 signer?	Yes, the DUX operational wallet has a current policy of 3 out of 6 signers.			
0.9	Is the auditorl wallet Multi-sig wallet setup the same as described in the MIP40c3-SP52?	Yes. The Auditor Wallet requires 2 out of 2 confirmations. Auditor's wallet eth address: eth:0x5A994D8428CCEbCC153863CCdA9D2Be6352f89ad Signers: Accountant role wallet eth:0xA2A855AcBD2a92e8A5a437690875261535c8320C Auditor role wallet eth:0xB2da57e224949acDDe173a5b8A8160c023ea86e6			
0.10	Has the DUX auditor wallet receive funds from the protocol?	The Auditor Wallet received 804,191.45048903 DAI from the protocol on Nov 02, 2022. https://gnosis-safe.io/app/eth:0x5A994D8428CCEbCC153863CCdA9D 2Be6352f89ad/transactions/history			
0.11	Has the DUX auditor wallet sufficient funds to top up the Dux operational wallet?	Yes. The Auditor Wallet's current balance is 672,103.32 DAI on December 19th, 2022. However the October 2022 request for funds will be skipped as the November 2022 funds request will be sent out asap.			
0.12	Has the DUX operational wallet received a top-up after the audit of the last transparency report?	Yes. The DUX operational wallet received 192,689 DAI on Nov 22nd, 2022.https://etherscan.io/tx/0x1131714d7797b44a4ddb2a125f60c62b9 20c9c200aaa11e91746b59136e138ae843			

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Legend: Approved · Approved with comments · Needs action before approval · Festive

Audit Questions to Transparency Report - Section 1. Last Month Actuals -

#	Question	Answer	Comments
1.1	Is the actuals budget category breakdown the same as in the MIP40c3-SP52?	Yes.	
1.2	Is the transparency report actual's forecast the same as the forecast last published for the same month?	Yes.	
1.3	Are the differences between forecast and actuals explained in the transparency report?	Yes.	
1.4	Are the DUX actual expenses within the montly MIP40c3-SP52 budget cap?	Yes.	
1.5	Are the DUX actual expenses within the Global/total MIP40c3-SP52 budget cap?	Yes.	
1.6	Has the DUX Compensation & Benefits any significant deviations between forecast and actuals?	The forecast is 88,200 DAI and the actual expense is 87,834.64 DAI, this results in a positive difference of 365.36.	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?	Yes. The forecast is 4,000 and the actual expense is 4,226.36, this gives a negative difference of 226.36. The Actual expense was reduceddue to a sale of event tickets.	DUX explains in the budget report that the difference is due to "Team sold conference tickets for 300 DAI each."
1.8	Has the DUX Software Expense any significant deviations between forecast and actuals?	Yes, the forecast is 7,000 DAI and the actual expense is 1,459.91 DAI, which gives a positive difference of 5,540.09 DAI.	DUX explains in the budget report that the difference is due to "Alchemy has not been billed."
1.9	Has the DUX Gas Expense any significant deviations between forecast and actuals?	Yes. The forecast is 0 and the actual expense is 1,000. Missing the reason for the difference.	DUX should add the reason for the diff. e.g. "Purchase of ETH this month"
1.10	Has the DUX Admin Expense any significant deviations between forecast and actuals?	Yes, the forecast is 5,000 and the actual expense is 4,885.78.	DUX explains that the difference is due to "Slight deviation on estimation without outstanding reason, is a percentage of total costs. Payment to cover credit card expenses."
1.11	Has the DUX one-time expense any significant deviations between forecast and actuals?	This budget category was not reported in the Actual section.	
1.12	Has the DUX Professional Services any significant deviations between forecast and actuals?	This budget category was not reported in the Actual section.	
1.13	Has the DUX presented the correct calculation of amounts for the actuals, forecast and difference?	Dux corrected as adviced on audit report V1.	
1.14	Has the DUX any budget category that seems inconsistent and needs further investigation?	No.	

Audit Questions to Transparency Report - Section 2. Budget Forecast -

#	Question	Answer
2.1	Does the transparency report display the MIP40c3-SP52 caps for both total and budget categories?	Yes.
2.2	Are the montly and quarterly budget caps (both totals and per category) the same as in the MIP40c3-SP52?	Yes.
2.3	Are the quarterly forecast within the bounds of the MIP40c3-SP52 budget caps?	Yes.
2.4	Are the montly forecast totals within the MIP40c3-PSP52 montly budget cap?	Yes.
2.5	Has the DUX presented the correct calculation of amounts for the budget forecast?	Yes.

Audit Questions to Transparency Report - Section 3. MKR Vesting Overview -

#	Question	Answer
3.1	Has the DUX indicated the number of FTE in the transparency report's MKR vesting overview?	Yes, the FTE is included in the MKR Vesting overview section of the transparency report.
3.2	Has the MKR vesting overview the same FTE comparing it to the MIP40c3-SP27?	No. The FTE has changed from 6.0 to 5 people working full time and 1 person working 60%.

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Approved
Approved with comments
Needs action before approval
Not yes

#	Question	Approved	Approved with comments	Needs action before approval	Not yes	Comments
3.4	Are the MKR vesting dates the same as in the MIP40c3-SP27?	☑	☐	☐	☐	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?	☑	☐	☐	☐	Yes.
3.6	Has DUX changed the MKR amounts comparing it to the last published transparency report?	☑	☐	☐	☐	No.
3.7	Has DUX explained the MKR change in the transparency report?	☐	☐	☐	☐	This control can only be made if the answer to the above question is yes.
3.8	Other observations	☑	☐	☐	☐	Dux corrected as adviced on audit report V1.
	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?	☑	☐	☐	☐	Yes.
4.2	Are the payments from the operational wallet the same as in the actuals payments?	☑	☐	☐	☐	Yes.
4.3	Are the MKR actuals in the MKR table correct?	☑	☐	☐	☐	Yes.
4.4	Is the DUX auditor wallet current balance in MKR correct?	☑	☐	☐	☐	Yes.
4.5	Other observations	☑	☐	☐	☐	Dux corrected as adviced on audit report V1. The October 2022 request will be a skippet due to the revision of the DUX expenses, causing a delay in the production of the expense report.