

Quarterly Custody Audit

Periodically verify key health, backups, access controls, balances, and incident records.

- Watch-only wallet with current xpubs.
- Runbooks and change control log.
- Access to storage sites (two-person rule).

- 1) Verify balances via watch-only; reconcile with records.
- 2) Inspect hardware devices for damage/firmware anomalies.
- 3) Validate backup integrity (visual check + hash of sealed envelopes if applicable).
- 4) Review access logs and exceptions; ensure segregation of duties.
- 5) Produce a signed audit report with remediation actions and due dates.

- Don't perform audits alone; use dual control to reduce error and fraud.
- Beware of 'silent failures'—outdated xpubs or wrong derivation paths.
- Rotate storage site access codes/keys periodically.

- Nunchuk watch-only setup
- Checklist templates; evidence log
- Tamper-evident bags; camera for seals

Quarterly audits; track remediation; annual external peer review when feasible.