

OpenStreetMap Foundation Accounts Reconciliation

Fiscal Year 2017

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SUMMARY

I have been asked by the OSMF board member, Frederik Ramm, to perform an audit of the OSMF accounts for the fiscal year 2017.

I have received a list with all transactions during the year (Normal Activity), the ending balance of each account (Trial Balance), bank and PayPal statements and invoices for the period. In addition, I have used the published financial statements for 2016 and 2017 from the OSMF website.

The following observations have been made:

- Differences between members' funds and the liabilities in the financial statements for year-end 2016 and the opening value 2017 in the related accounts. The differences offset each other.
- One invoice related credit note without documentation was found. Backup documentation was handed in after observation was raised.
- Expense payment process without separation of duties

I have made no unexpected or concerning observations.

CONCLUSION OF THE REVIEW

Based on the observations during my review, I believe that the financial statements provide a correct picture of the financial condition of the OSMF. It is my opinion that funds are used responsibly and economically for OSM's purposes. Specifically, the degree of frugality (not reclaiming travel expenses, Airbnb vs hotel, etc) was surprising me in a positive way.

The differences found in the members' funds/liabilities were not reviewed further as these were caused in 2016. A reasonable explanation with documentation was provided.

However, I would personally expect progress in terms of the organisational structure as outlined in my recommendations below.

RECOMMENDATIONS

- **Separation of duties:**
I recommend implementing and enforcing the separation of duties at least in the expense payment process as an internal control to prevent fraud and errors. Separation of duties is implemented by companies and organisations of all sizes. The responsibility of the OSMF for the funds that belong at the end to volunteer contributors should include a minimum level of cautiousness with the fiduciary funds.
- **Documentation:**
There exists no formal process of documentation for received invoices. That makes it hard to reconcile the financial records with the documentation. It is also risky when it comes to legal or tax requirements of record keeping. A record keeping process for received invoices should be established, linked to the relating accounting transactions.

DETAILS

INPUT

The following documents have been provided to support my review

- **Monthly account statements** including account movements, opening and closing balance
 - o Barclays Euro
 - o Barclays Sterling
 - o PayPal with separation into Euro, Sterling and US Dollar

- **Expense Invoices**
Copies of online and paper invoices

- **Nominal Activity file**
All accounting records for the fiscal year including the last available record with balances brought forward from previous period(s).

- **Trial Balance file**
Balances of all ledger accounts, compiled into debit and credit account column with totals that are equal as of year-end 2017.

TESTS PERFORMED

- **Reconciliation Trial balance as of Dec 31th, 2017**
Comparison between own calculated trial balance based on the Nominal Activity data with the one provided.

- **Ending Balance Sheet as of Dec 31th, 2017**
Comparison between own calculated ending balance sheet and profit and loss account based on the Nominal Activity data with the published financial statements for 2017.

- **-Reconciliation beginning balance sheet values**
Comparison between own calculated balance sheet with the published financial statements for 2016.

- **Sample Tests**
 - o All bank and PayPal year-end balances on statements vs trial balance
 - o 10 nominal activity records to bank account statements
 - o 10 movements on bank accounts to nominal activity records
 - o 1 full month account statement movement to nominal activity
 - o 5 booked expenses vs invoice copies
 - o Sanity check of foreign exchange rates used for each test above if not GBP

FINDINGS

DIFFERENCE MEMBERS' FUNDS YEAR-END 2016 AND THE OPENING VALUES 2017

According to the financial report on the OSMF website, the Members' Funds stood at 220,454 GBP at the year-end 2016. However, the accounting records, i.e. Trial Balance indicate an opening value of 230,173 GBP for 2017.

3100	Profit and Loss Account	-	86,466
3200	Profit and Loss Account	-	143,707
		-	230,173

The same difference, but the other way around, can be found between the liabilities at the financial report and the provided accounting records. The published report for 2016 shows liabilities of 15,401 GBP but the own calculation with the records provided totals to 5,682 GBP. According to the OSMF accountant, some post balance sheet entries have been booked at year-end 2016. Since 2016 was not in scope for this review and no backup documentation was available, the difference was not being reconciled.

Because the differences offset each other, there is no concern of an unrecorded gain or loss as it is a question of the accounting classification of these items. The OSMF treasurer stated that a new accounting system is now been used.

MISSING DOCUMENTATION

A credit note on an expense account has been booked about 1,283.93 GBP on Dec 1st, 2017. However, no related documentation was found.

N/C: 2100

Name: Creditors Control Account

No. 4844 PC 01/12/2017 VUB001 4093 WiFi problems 0 TO 1,283.93

The related code "VUB001" was used in conjunction with another expense item in December 2017. However, the invoice copy for the other expense did not include the amount in question.

After raising the observation with the OSMF treasurer a new invoice was handed in later. The new invoice was only partly accepted and paid by the OSMF but booked in before with the full amount, hence, a credit note for the disputed part was booked as an offset.

EXPENSE PROCESSING WITHOUT SEPARATION OF DUTIES

The OSMF has an Expense Claim form with signatures from claimant and approver. However, examples of processed reimbursements were found:

- i) without the Expense Claim form
- ii) with the form but no signature
- iii) with the form and only claimant's signature

No example was found with both, claimant and approver, signatures during the review.

Other organisational costs, i.e. not reclaimed through the expense reimbursement process, are processed without four eyes principle.

ANNEX – BACKUP DOCUMENTATION

Excel file with the following tabs

- Input of trail balance as provided by OSMF
- Input of nominal account as provided by OSMF
- Tests with calculation method and sample test documentation like copy of bank statement for each of the samples drawn