



PRINCE WILLIAM COUNTY

Internal Audit Report: Cash Proffers

Prince William County, Virginia

January 22, 2026





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TRANSMITTAL LETTER

January 22, 2026

The Board Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the internal audit plan for calendar year ("CY") 2025 for Prince William County, Virginia ("County" / "PWC"), approved by the Board of County Supervisors ("BOCS"), we hereby present the internal audit of cash proffers. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on December 9, 2025.

Our report is organized into the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit over the cash proffer process(es).
Background	This provides an overview of the function, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a review of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our internal audit, recommended actions, and Management response, including the responsible party and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

RSM US LLP



EXECUTIVE SUMMARY

Background

Proffers may include voluntary monetary commitments made by applicants during the rezoning and proffer amendment processes, which are paid during the land development process. These funds are intended to mitigate the impact of new residential and non-residential developments on public infrastructure and services, including transportation; schools; parks, open space and trails; environment; public facilities and services; public safety fire and rescue; housing; and transportation. Cash proffers are governed in-part by Virginia Code Section 15.2-2303.2, which states cash payments voluntarily proffered shall, within twelve (12) years of receiving full payment per the rezoning application, the County must begin work on the approved project (through construction, site work, engineering, surveying, etc.). If the County fails to initiate an eligible activity within this timeframe (or begin an alternative improvement defined in Virginia Code Chapter 22), the funds must be forwarded to the Commonwealth Transportation Board during the following fiscal year.

The County utilizes two (2) primary systems to manage monetary contributions: EnerGov is a land management system used to track rezoning projects, monetary contributions, and project milestones. Applicants and County staff use the system to monitor monetary contribution payments and project progress. Mobius, the County's enterprise resource planning system, serves as the system of record for budget and transactional data for financial reporting for budget allocation, fund transfers, reconciliations, and expenditure approvals. The monetary contributions process is decentralized and requires collaboration among several departments, including Planning, Development Services ("DDS"), the requesting lead agency, Financial Reporting and Control ("FRC"), the Office of Management and Budget ("OMB"), the County Attorney's Office ("CAO"), and the Planning Commission. Each entity plays a critical role in tracking, reviewing, approving, and facilitating legal compliance of monetary contributions and their associated projects.

In Fiscal Year 2024, the County collected \$6.7 million in monetary contributions and expended \$5.4 million, with the majority allocated to schools (\$3.2 million) and parks, open space and trails (\$2.2 million). Other spend priorities included transportation and public safety.

Overall Summary / Highlights

The observations identified during our assessment are detailed in the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or 'brand' risk.

Objectives and Scope

The objective of this internal audit was to evaluate the design, control structure, and operating effectiveness of County controls related to managing and administering monetary contributions. Procedures performed included the following:

- Interviewed and performed walkthroughs with key stakeholders, including personnel from Planning, Financial Reporting and Control, the County Attorney's Office, and Development Services;
- Determined whether a sample of finalized monetary contribution statements had adequate review from relevant stakeholders prior to approval, and whether the statements were approved by the BOCS;
- Evaluated segregation of duties throughout the collection, recording, expenditure, and reconciliation processes;
- Evaluated the reconciliation process between used in recording and tracking monetary contribution balances;
- Assessed monetary contribution allocations and expenditures for allowability and use in accordance with the language in the Board approved conditions, including expenditures made through cost recovery procedures;
- Recalculated a sample of monetary contribution receipts to verify accuracy and calculation of any fee escalations implemented; and
- Evaluated procedures related to monetary contribution reporting and communication throughout the County, and how monetary contribution balances are monitored and tracked for future use.

Our audit period covered monetary contributions received and expended during Fiscal Year 2023, 2024, and 2025.

Fieldwork was performed from August through November 2025.

Summary of Observation Ratings

(See page 3 for definitions)

	High	Moderate	Low
Cash Proffers	3	4	-

We would like to thank all County team members who assisted us throughout this internal audit.

EXECUTIVE SUMMARY (CONTINUED)

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the observations matrix section of the report.

Summary of Observations	
Observations	Rating
1. Manual Data Entry, Review, and Tracking	High
2. System Integration and Data Traceability	High
3. Standard Operating Procedures	High
4. Cash Proffer Reconciliations	Moderate
5. Unspent Fund Management	Moderate
6. Board Agenda Item Approval Workflow	Moderate
7. EnerGov Access Reviews	Moderate

Provided below are the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

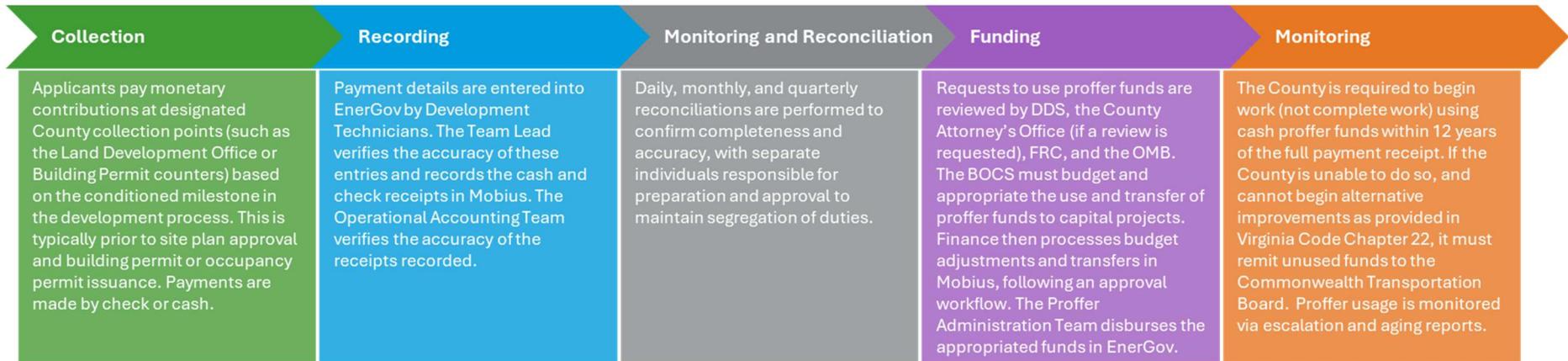


BACKGROUND

Overview

Cash proffers are one (1) type of monetary contribution committed by applicants, property owners, or developers (“applicant”) to the County as part of the rezoning process. These contributions are intended to offset the impact of new residential and non-residential developments on public infrastructure and services, such as, transportation; schools; parks, open space and trails; environment; public facilities and services; public safety fire and rescue; libraries; housing; transportation – commuter parking, and cultural resources. Cash proffers are governed in part by Virginia Code Title 15.2, Chapter 22. When an applicant seeks to rezone property, the applicant may offer proffer statements that specify the amount and intended use of monetary contributions. These proffer statements are routed for review by multiple County departments, including the Office of Management and Budget, Financial Reporting and Control, the County Attorney’s Office, and the Planning Commission, before the proposed ordinance is finally routed for review and approval by the Board of County Supervisors (“BOCS”). Once approved by the BOCS, the proffers in the proffer statement become conditions of the rezoning.

Virginia Code § 15.2-2303.2 defines proffered cash payments and expenditure rules, stating, “*the governing body of any locality accepting cash payments voluntarily proffered on or after July 1, 2005... shall, within 12 years of receiving full payment of all cash proffered pursuant to an approved rezoning application, begin, or cause to begin (i) construction, (ii) site work, (iii) engineering, (iv) right-of-way acquisition, (v) surveying, or (vi) utility relocation on the improvements for which the cash payments were proffered. A locality that does not comply with the above requirement or does not begin alternative improvements as provided for in subsection C [of Virginia Code Chapter 22], shall forward the amount of the proffered cash payments to the Commonwealth Transportation Board no later than December 31 following the fiscal year.*”



Systems Used

The cash proffers process primarily relies on two (2) systems:

- **EnerGov:** EnerGov is used to manage a wide range of community development and regulatory processes. The County uses EnerGov as a means of tracking rezoning projects and the proffers that are used for them. Every applicant has access to the ePortal within EnerGov and can use the portal to track project milestones and monetary contribution payments. The County can use the portal similarly, as well as means of reviewing and approving expenditures and monitoring applicant progress on projects.
- **Mobius:** Mobius is the County-wide enterprise resource planning (“ERP”) system and is the system of record for budget and finance transactions to be used for financial reporting. As it relates to monetary contributions, Mobius is used to transfer funds from the County Proffer Fund, fund 1007, to the individual capital projects that the proffer funds were allocated to. Mobius is also used to conduct reconciliations between accounting records and EnerGov, and between Mobius and County bank account activity. Transactions route through Mobius by means of automated approval workflows.

BACKGROUND (CONTINUED)

Key Roles and Responsibilities

The monetary contribution process is largely decentralized and requires close collaboration between multiple County departments and teams. The key roles and responsibilities related to the monetary contribution management process are detailed below.

Applicant: Applicants may initiate the rezoning or proffer amendment process. This includes a detailed written narrative, general development plans, and any voluntarily offered proffered conditions related to the proposed development approval. The applicants work closely with the Planning Office, other agencies, and Planning Commission to refine the details of the draft conditions of approval (i.e., proffered conditions). The applicants are also responsible for abiding by the terms of the conditions of approval and tracking funds conditioned against the agreed upon monetary contribution amount.

Planning Office: The Planning Office is the primary line of communication for Applicants during the rezoning or proffer amendment process. They are responsible for reviewing initial plans and applications for consistency with County policy. After the other lead requesting departments have reviewed and provided feedback on the draft conditions of approval, they assist with updating and finalizing the draft conditions with the Applicant.

Department of Development Services (“DDS”): Until October 1, 2025, DDS was involved in the review of the rezoning and proffer amendment applications, including draft conditions of approval to provide comments and suggestions. Following approval by the BOCS, the approved monetary contribution conditions are forwarded from the Planning Office to Proffer Administration within DDS. The Fiscal Specialist within Proffer Administration is responsible for entering the monetary contributions and data into EnerGov. The Proffer Administration team is responsible for confirming that the monetary contributions are entered into the system correctly, confirming development milestones and action items are appropriately established

Financial Reporting and Control (“FRC”): FRC reviews monetary contributions related Board agenda items for fiscal impact prior to BOCS approval and provides comments and suggestions. The lead requesting agency prepares an Account Coding Sheet with any additional supporting documentation necessary to conduct the review. Once the Board item is approved by the BOCS, FRC records the budget adjustment and utilizes journal entries to transfer the budgeted and appropriated funds from the County Proffer Fund, fund 1007, to the applicable capital project fund and capital project. Finally, FRC performs daily and monthly reconciliations of all County cash receipts between Mobius and the applicable bank accounts.

Office of Management and Budget (“OMB”): When a department requests the use of monetary contributions for an eligible project, OMB reviews the proposed Board agenda item to confirm alignment with the approved expenditure plan. Approval of the Board agenda item is required by OMB, FRC and other relevant departments before it goes in front of the BOCS for their approval. After the BOCS approval, FRC records the budget adjustment in Mobius which is finally approved by OMB and submits the journal entry to transfer the funds to where the project is located. OMB’s capital projects team adds the monetary contribution funding as a new award to the capital project in Mobius and monitors the spending for the duration of the capital project. In addition, OMB and County agencies identify and assign monetary proffers to new or existing capital project during the development process and final approval of the annual six-year Capital Improvement Program.

County Attorney’s Office (“CAO”): Generally, the CAO also performs a review of draft proffers as part of its review of Board agenda items for rezonings and proffer amendments. The CAO provides its comments, concerns, and suggested changes, if any, on the draft proffers as part of the review process. The CAO, among other things, reviews the draft proffers considering applicable statutory and caselaw, and applicable County ordinances, regulations, and policies. Additionally, if requested, the CAO will review a Board agenda item by County staff to utilize proffer funds for a particular project. The CAO will provide its comments, concerns, and suggested changes, if any, considering applicable statutory and caselaw, and applicable County ordinances, regulations, and policies.

Planning Commission: The Planning Commission is responsible for reviewing and making recommendations on rezoning or proffer amendments. After the Planning Office and other agencies (see above) have reviewed the initial draft monetary contribution conditions, the Planning Commission evaluates the proposal and provides a formal recommendation to the BOCS. The Commission’s review includes assessing whether the rezoning or proffer amendment policies are consistent with County planning policies and regulatory requirements. The BOCS budgets and appropriates the use of funds, the Planning Commission’s recommendation is an integral step in the review process.

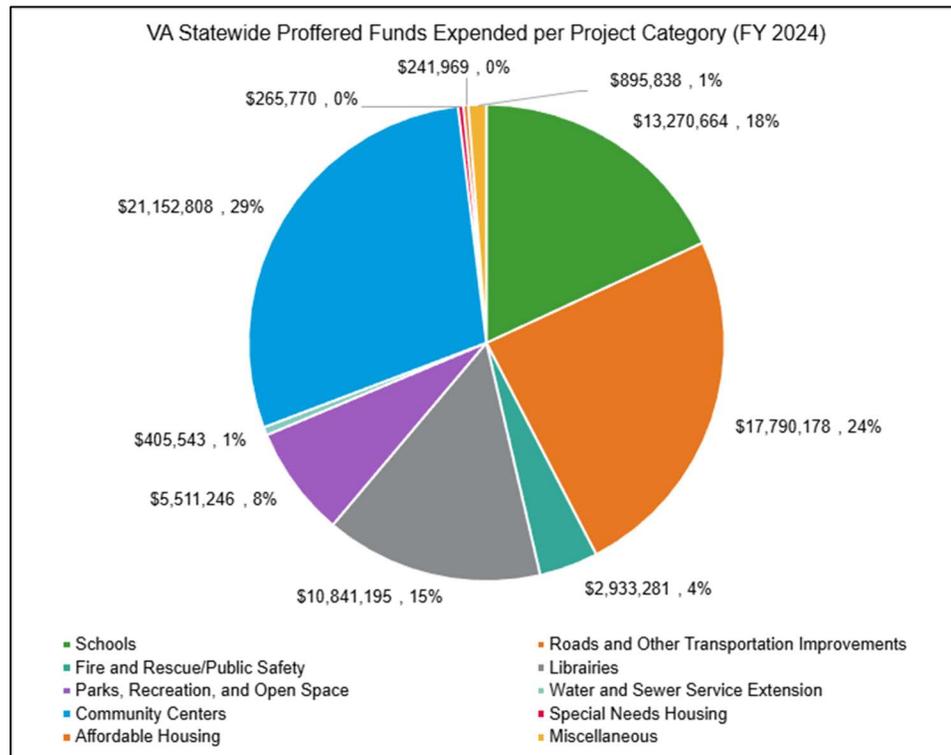
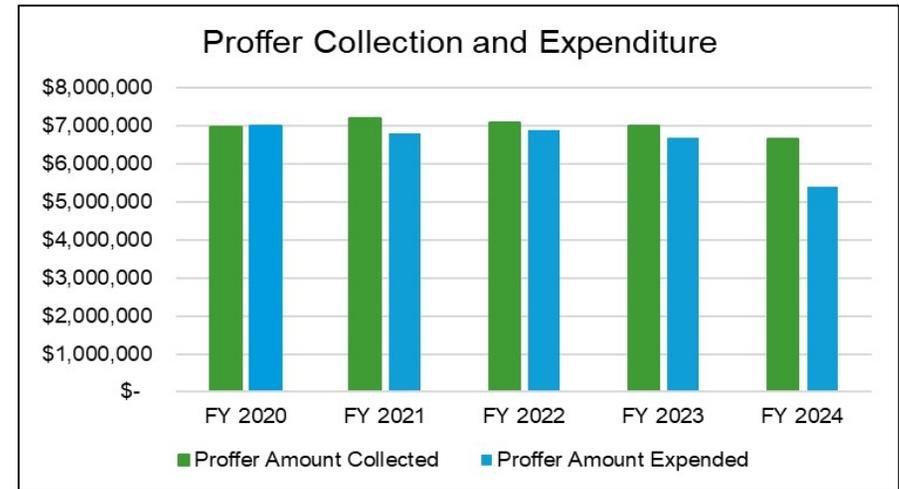


BACKGROUND (CONTINUED)

Monetary Contributions Collected and Distributed - FY 2024

In FY 2024, the County collected \$6,668,176 in cash proffer payments from applicants, representing 10.4% of the total revenue collected by counties across the state. The County expended a total of \$5,400,000 with \$3,240,000 attributed to schools and \$2,160,000 to Parks and Recreation/Open Space. These voluntary contributions are a critical funding source for public infrastructure and services, helping the County address the impacts of new development.

The largest shares of proffer payments in FY 2024 were allocated to Schools, Transportation, and Fire & Rescue, reflecting the County's ongoing priorities in supporting educational facilities, mobility improvements, and public safety. By the end of FY 2024, there were \$6,619,778 collected proffer funds available for use (including unspent funds from prior years), with over 90% of these funds being obtained from proffers dated after 2005. This concentration of funds shows the importance of proactive fund management. Failure to do so may result in the mandatory reallocation of unused funds to the Commonwealth Transportation Board.



The FY 2024 distribution of monetary contributions collected reflects a strong focus on community infrastructure, with the largest shares allocated to Community Centers (29%), Roads and Other Transportation Improvements (24%), and Schools (18%). This aligns with a strategic focus on accommodating population growth and maintaining high service standards. Effective monitoring of unspent monetary contributions is essential to maximize the County's benefit and prevent forfeiture. Recent years have seen a general decrease in annual expenditures, likely due to slower development rates and changes in proffer legislation, resulting in lower spending and collections.

Disclaimer: Data presented in these graphs is informed by survey results from the Virginia Commission on Local Government: Fiscal Year 2024 Cash Proffer Survey. Figures reflect self-reported information from participating localities and may be subject to change.



OBJECTIVES AND APPROACH

Objectives

The objective of this internal audit was to assess whether the system of internal controls over monetary contribution collection, allocation, and disbursement is adequate and appropriate for compliance with applicable laws policies, and regulations. The audit evaluated the design and effectiveness of internal controls, assessed compliance with Virginia Code, County policies and financial regulations, and verified the completeness of record-keeping and financial reporting for monetary contributions. Our audit period covered monetary contributions received, disbursed, and expended between Fiscal Year 2023, 2024, and 2025.

Approach

Our audit approach consisted of the following phases:

Understanding and Documentation of the Process

This phase consisted primarily of inquiry and walkthroughs to obtain an understanding of the current operating policies and procedures, monitoring functions, and control structures as they relate to the processes within our scope. The following were performed as part of this phase:

- Obtained and reviewed key documents, including policies and procedures related to the function, as well as relevant state and County regulations, reporting, and any other relevant information as deemed necessary.
- Conducted interviews with personnel from key personnel and departments to obtain a detailed understanding of applicable policies and procedures, and roles/responsibilities related to the processes within the scope.
- Developed a work plan to evaluate the operating effectiveness of key processes and controls based on the information obtained through interviews, walkthroughs, and preliminary review of documentation.

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness

The purpose of this phase was to evaluate the design of key processes and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above. Our testing procedures included, but were not limited to:

- Performed data analytics on a population of monetary contributions to identify any anomalies related to tracking over time;
- Obtained a listing of Board-approved monetary contribution conditions and, for a sample, performed the following:
 - Determined whether finalized monetary contribution conditions had adequate review from relevant stakeholders prior to Board approval;
 - Evaluated the segregation of duties throughout the monetary contributions collection, recording, disbursement, and reconciliation processes;
 - Reviewed the reconciliation process between cash received and recorded in EnerGov, Mobius, and bank statements;
 - Reviewed the reconciliation process between monetary contributions disbursed in Mobius and EnerGov;
 - Evaluated monetary contribution allocations and disbursements for allowability with conditions and use;
 - Evaluated the monetary contribution disbursement approval process, including processes related to cost recovery and invoicing;
 - Recalculated a sample of monetary contribution receipts to verify accuracy and calculation of any fee escalations implemented; and
- Reviewed procedures related to monetary contributions reporting and communication throughout the County, and how monetary contribution balances are monitored and tracked for future use.
- Assessed the systematic controls related to monetary contributions management, recording, and monitoring.

Reporting

At the conclusion of this internal audit, we summarized our findings into this report. We have reviewed the results with the appropriate Management personnel and have incorporated Management responses into this report.



OBSERVATIONS MATRIX

1. Manual Data Entry, Review, and Tracking

Risk Rating: High

Observation

Monetary contribution conditions data resides in both the EnerGov and Mobius systems. Data must be recorded and tracked from the time a monetary contribution is being considered, through the approval process, and through the disbursement process. During our review, we noted the County's monetary contribution lifecycle relies heavily on manual data entry and paper-based controls at multiple stages of the process, creating inefficiencies and opportunities for error including:

- Management utilizes paper logs to record departmental requests to use monetary contributions. This information is also entered into EnerGov as a pending item. The paper log is initialed once data is entered, and again once data is verified. We noted several entries wherein items were listed on the paper log, but the initials indicating a review was performed were not present.
- Management also utilizes paper logs to record the different statuses of each monetary contribution case. The paper logs record the BOCS approval date, the project case number, and the EnerGov case information.
- Key data points, including plan numbers (which may be up to 12 characters long), BOCS approval dates, recipients, maximum rates for fee escalations, and addresses are entered manually into EnerGov. There is no system-based validation to tie entered data back to source fields to confirm accuracy.
- The Proffer Administrator manually reviews the last monetary contribution payment date made against qualifying cash proffer case and uses that date to calculate the period in which such funds must be disbursed by. Through discussion with Management, internal audit noted that the system cannot always calculate the expiration date automatically, due to variables in proffer drivers.
- Payment amounts and applicant data are also entered manually in EnerGov.
- Our procedures identified an erroneous payment of \$11,941 in Mobius, not EnerGov, as a result of the wrong project code being used in posting capital project cost recovery journal entries. The error was corrected by Management once identified.

The reliance on manual entry and review increases the risk of errors, omissions, and inefficiencies throughout the monetary contributions lifecycle. The risk of data entry mistakes is further compounded by the absence of regular reconciliations (see **Observation 4**), making it difficult to detect and correct any identified discrepancies in a timely manner. Staff have expressed a desire to automate these processes and have implemented workarounds to verify data accuracy (i.e., paper logs and approval initials), but system enhancements that would streamline processes, validate data entry, and track monetary contributions holistically have not yet been implemented.

Recommendation

The following is recommended:

- Explore opportunities to automate data entry and validation processes within EnerGov, Mobius, and related systems to reduce reliance on manual input and paper logs, and to minimize the risk of data entry errors.
- Implement system-based controls, such as required secondary review and automated reconciliation checks, to confirm the accuracy and completeness of key data fields throughout the monetary contributions lifecycle.
- Integrate or centralize tracking and reporting tools to streamline the management of monetary contributions data, reduce duplication of effort, and improve oversight.
- Periodically review any manual data entry processes to identify recurring errors or inefficiencies and provide targeted training or process improvements as needed.



OBSERVATIONS MATRIX (CONTINUED)

1. Manual Data Entry, Review, and Tracking (Continued)

Risk Rating: High

Management's Response

Response: Management concurs with the observation and has already taken steps to provide greater accuracy, timeliness of manual data entry into EnerGov, cross-training to mitigate key person dependencies, and enhance segregation of duties during the monetary contribution process by evaluating options for mitigating the risks, which may include requesting additional staffing resources. Additional remediation tasks will be outlined in the near future as we investigate what updates can be done to EnerGov to enhance this process noted in Observation 2.

Responsible Party: Work group including the Planning Office, DDS, FRC/OMB, and DoIT-EnerGov Team

Estimated Completion Date: A corrective action plan will be developed by the end of FY 2028 depending on the progress of remediating Observation 2.

- Short-Term Action:
 - Proffer Administration Team will meet with the DoIT-EnerGov Team to determine if there are any customizations that can be done in house to enhance reports by June 30, 2026.
 - Proffer Administration Team and DoIT EnerGov Team to meet with Tyler Technologies to identify enhancements to EnerGov to improve the manual data entry, review, and tracking of monetary contribution cases and their costs to be proposed in the FY 2028 Budget Requests for DDS by September 30, 2026.
- Long-Term Action:
 - The Work Group will evaluate the resources needed to fully implement the manual data entry, review, and tracking of monetary contributions to ensure we can effectively implement the required audit controls.
 - Once we have the meetings with DoIT-EnerGov Team and Tyler Technologies, we will focus on updating the business processes to capture any efficiencies and streamline functions to assist with manual data entry, review, and tracking completed by June 30, 2028.



OBSERVATIONS MATRIX (CONTINUED)

2. System Integration and Data Traceability

Risk Rating: High

Observation

Information related to monetary contributions are recorded separately in two (2) systems that are not integrated. EnerGov maintains project, resolution, and development-related data, while Mobius, the County's ERP system, records the monetary contribution amounts, capital project financial detail, and the expenditures related to the use of that funding.

During our review, we noted financial transactions in Mobius cannot be directly traced back to individual monetary contributions in EnerGov, because Mobius does not capture monetary contribution identification numbers or related project references. As a result, reconciling deposits, expenditures, and balances between the two (2) systems require time consuming and manual cross-referencing. Proffer Administration staff maintain supplemental tracking mechanisms, including decentralized spreadsheets and paper files, to validate the accuracy of monetary contribution balances and activity (refer to **Observation 1**) between the two (2) systems.

Given that cash proffers are subject to certain project deadlines (dictated in Virginia Code Chapter 22), maintaining accurate records across multiple systems and time periods is critical. Manual reconciliations and decentralized recordkeeping increase the risk of data inaccuracies, misclassification of expenditures, and loss of historical information over time. The inability to generate a complete and accurate record of monetary contribution activity from system data may hinder the County's ability to demonstrate compliance with Board approved proffer statements and may create challenges in producing reliable financial and project reports.

Recommendation

The following is recommended:

- Explore opportunities to integrate data between EnerGov and Mobius to improve traceability and reduce reliance on manual reconciliations. Commonalities in datasets and consistent data identifiers could be used to more efficiently reconcile data between both systems.
- Develop a formal methodology for validating the completeness and accuracy of monetary contribution data during system transitions, particularly when migrating financial or project management platforms.

Management's Response

Response: Management concurs with the observation. The work group will take steps to determine what enhancements can be done to EnerGov and the corresponding costs to propose in future budget requests. Once determined, an implementation plan will be developed.

Responsible Party: Work group including the Planning Office, DDS, FRC/OMB, and DoIT-EnerGov Team

Estimated Completion Date: The work group will determine the enhancements that can be done to EnerGov and the corresponding costs to discuss with Management by the end of FY 2027.



OBSERVATIONS MATRIX (CONTINUED)

3. Standard Operating Procedures

Risk Rating: High

Observation

As part of this internal audit, we assessed the written documentation made available to County staff that would define expectations and day-to-day responsibilities regarding monetary contributions. The County does not have comprehensive, documented Standard Operating Procedures (“SOPs”) that define staff responsibilities and outline consistent processes for managing monetary contributions. Internal Audit reviewed available documentation and determined that several critical activities are not formally defined or standardized. These include:

- How and when consumer price index data is updated as it relates to monetary contributions amounts due;
- How daily, monthly, and quarterly reconciliations are performed, including:
 - Which systems are reconciled at each interval;
 - The specific reconciliation steps; and
 - How completeness and accuracy are reviewed.
- How information is entered into EnerGov and how it is reviewed for accuracy;
- How information is entered into Mobius and how it is reviewed for accuracy;
- How proffer statements are written, reviewed by management, and approved by the BOCS;
- How proffer statements and documentation are prepared for the Planning Commission and for the Board of County Supervisors;
- The process for collecting monetary contributions;
- The process for spending monetary contributions, including how and when potential projects are identified for monetary contribution expenditure; and
- How the lifecycle of a monetary contribution is managed and monitored.

The absence of formal SOPs and training materials increases the risk of inconsistent practices, errors in data entry or reconciliation, and gaps in compliance with County policies or regulatory requirements. Without clear guidance, staff may rely on informal knowledge or ad-hoc processes, which can lead to inefficiencies, difficulties in onboarding new personnel, and challenges in providing consistent service to applicants and other stakeholders. Furthermore, the lack of standardized procedures makes it difficult to monitor the full lifecycle of a monetary contribution, from collection to expenditure, and to demonstrate accountability and transparency in the management of these funds.

Recommendation

The following is recommended:

- Develop and implement comprehensive SOPs and training materials for all key aspects of monetary contribution management, including data updates, reconciliation processes, data entry and review in EnerGov and Mobius, preparation and approval of proffer statements and special use permit condition, collection and expenditure of monetary contribution, and lifecycle monitoring.
- Clearly define roles, responsibilities, and review steps for each process to promote consistency, accuracy, and accountability.
- Periodically review and update SOPs and training materials to reflect changes in regulations, systems, or best practices, and provide ongoing training to staff involved in monetary contribution management.

OBSERVATIONS MATRIX (CONTINUED)

3. Standard Operating Procedures (Continued)

Risk Rating: High

Management's Response

Response: Management concurs with the observation. The working group will identify a list of SOPs to prepare across the entire process, determine when each SOP will be completed and by whom, and identify a plan for communication to others and training opportunities.

Responsible Party: Work group including the Planning Office, DDS, and FRC/OMB

Estimated Completion Date: A list of SOPs will be prepared by the end of June 30, 2026 with expected completion dates for each SOP staggered to be completed by June 30, 2027. Then update SOPs once additional efficiencies are identified as a result of remediating Observation 1 by June 30, 2028.

OBSERVATIONS MATRIX (CONTINUED)

4. Monetary Contribution Reconciliations

Risk Rating: Moderate

Observation

Daily, monthly, and quarterly reconciliations are performed as part of the monetary contribution lifecycle. Reconciliations between payment receipts (at the in-person payment counters), EnerGov, and Mobius are performed daily. Reconciliations between Mobius and EnerGov are performed monthly and quarterly to confirm that expenditures are recorded consistently and accurately across both systems. We reviewed samples of each reconciliation type and identified the following exceptions:

- While documentation of the four (4) sampled monthly reconciliations and the two (2) sampled quarterly reconciliations were provided, we noted the documents were prepared and approved in November 2025. Further, the reconciliations contained a difference of \$171,539, which Management stated was due to a timing issue between the date budget adjustments were performed and the date reconciliations were performed.

Discussions with Management indicated that reconciliation duties were previously performed by Proffer Administration in the Planning Office and were reassigned to Business Services within DDS as a result of a departmental reorganization in 2025. The untimely performance of reconciliation activities may be related to this transition. While reconciliation documentation was provided prior to the close of our audit, the reconciliation was not performed monthly or quarterly during this transition period.

Incomplete or late reconciliation procedures limits management's ability to timely verify that all transactions are accurate, authorized, and complete. This weakens a key control over financial accuracy and reduces transparency, increasing the risk of undetected errors in monetary contribution reporting.

Recommendation

The following is recommended:

- Reinforce existing procedures to consistently perform and document daily, monthly, and quarterly reconciliations between Mobius, EnerGov, and the operational bank account. During times of transition, key controls (like reconciliations) should be identified to confirm their continued and timely performance.
- Provide refresher training or guidance to staff responsible for reconciliations, especially following role transitions, to clarify expectations and responsibilities.
- Consider increasing the frequency of reconciliations between EnerGov and Mobius, particularly given the reliance on manual data entry (as noted in **Observation 1**), to reduce the risk of discrepancies and improve data integrity.

Management's Response

Response: Management concurs with the observation and was in the process of remediating the issue when testing was performed. DDS was in the middle of transitioning the reconciliation work to Business Services in DDS as a result of a departmental reorganization. This transition is complete.

Responsible Party: Work group including the Planning Office, DDS, and FRC/OMB

Estimated Completion Date: Completed

OBSERVATIONS MATRIX (CONTINUED)

5. Unspent Fund Management

Risk Rating: Moderate

Observation

Monetary contributions are deposited into Fund 1007, the County Proffer Fund, upon receipt. Once eligible capital projects are identified and BOCS approval to expend funds is obtained, monetary contributions are transferred from Fund 1007 to the capital project's fund. If funds remain in the capital budget once the capital project is complete, they must be reallocated to their original source.

During our review, we noted that if monetary contributions are not fully expended when the capital project is complete, they are returned to Fund 1007. However, this process is performed at the end of the year, not at the immediate completion of the capital project, which may impede the County's ability to expend monetary contributions within their allowable timeframe.

In addition, because multiple funding sources are often combined for a single project, it can be difficult to determine which funds remain unspent and should be returned to their original source. There is no formal process to confirm that monetary contributions, typically subject to the most restrictive usage requirements, are prioritized and spent before unrestricted or general funds.

Without a defined process to manage residual or unspent monetary contributions timely, the County faces increased risk of noncompliance with proffer conditions, Virginia Code requirements, and County policy. Increased oversight into unspent funds may assist in greater utilization of monetary contributions.

Recommendation

The following is recommended:

- Develop and implement a formal process to return any unused monetary contributions to the County Proffer Fund, fund 1007, upon project completion (as opposed to the end of the year). This may require enhanced coordination between FRC and OMB to discuss capital project statuses.
- Consider creating a prioritization method to track and apply monetary contributions with the most restrictive usage parameters or earliest expiration timelines first.

Management's Response

Response: Management concurs with the observation.

Responsible Party: Work group including the Planning Office, DDS, and FRC/OMB

Estimated Completion Date: By July 2026



OBSERVATIONS MATRIX (CONTINUED)

6. Board Agenda Item Approval Workflow

Risk Rating: Moderate

Observation

Prior to the dispatch of board agendas to the BOCS, OMB, FRC, and the County Attorney's Office review new cash proffer expenditures and the proposed uses of monetary contributions. Currently, their review is documented through an email chain coordinated by the Clerk of the Board. This informal email-based process replaced the former paper-based system approximately ten (10) years ago to support faster turnaround times during agenda preparation.

The current method utilized lacks centralized control, version tracking, and a defined routing mechanism. Approvals are recorded within individual email inboxes, which limits visibility and continuity if key reviewers are unavailable. For our sample of twenty-five (25) proffer expenditures, OMB approval emails could not be located for two (2). Based on discussions with Management, we noted the missing documentation may be due to employee turnover and lost access to old email inboxes, and system refreshes that deleted email history. We did not identify any exceptions in the review and approval of invoices or journal entries related to proffer expenditures.

While the current method has supported timely decision-making, the lack of a standardized routing or tracking system introduces risks related to version control, incomplete documentation, and potential delays in approvals during staff absences or transitions.

Recommendation

The following is recommended:

- Continue ongoing efforts with the Clerk of the Board to develop a more structured and efficient approval workflow for proffer expenditures and fund usage.
- Implement a formal, system-based routing process that records who approved each document and when, creates a central repository for the approved documents and comments provided, and prevents progression to the next approval stage until prior approvals are completed.
- Incorporate designated backup approvers into the workflow to maintain continuity during periods of leave or unavailability.
- Centralize documentation storage to improve accessibility, version control, and accountability. Potential solutions should be discussed and approved by the County Attorney's office to confirm legal risks are adequately mitigated.

Management's Response

Response: Management concurs with the observation. The Clerk's Office and Transition Management Office are currently meeting with stakeholders and Executive Management to develop a more centralized and transparent review and approval process for Board agenda items. The plan calls for a new system to be in place beginning July 1, 2026, that will allow reviewers to view the same document simultaneously and provide input and approval in one location. Additionally, resources regarding the creation of agenda items and the appropriate agencies for review will be available in one location with some mechanism for staff to follow a decision matrix to properly route and include the appropriate agencies for review.

Responsible Party: Clerk to the Board

Estimated Completion Date: July 1, 2026

OBSERVATIONS MATRIX (CONTINUED)

7. EnerGov Access Reviews

Risk Rating: Moderate

Observation

The EnerGov system is used to manage rezoning and special use permit projects, track development progress, and record monetary contributions activity. The system also supports multiple County agencies, including the Planning Office, Department of Development Services, Department of Public Works, and Department of Transportation.

The County does not currently perform recurring user access reviews for County staff with EnerGov access. Agencies are expected to notify the Department of Information Technology ("DoIT") when employees leave or change roles; however, there is no detective control to verify that access removals occur or that existing permissions remain appropriate. Based on discussion with the previous system administrator, the last full user access review (including all agencies with EnerGov access) was performed in 2019.

The absence of a formal, cadenced review process increases the risk that individuals with outdated roles or who are no longer employed may retain access to EnerGov. This could lead to unauthorized changes, data exposure, or compliance issues. Given the volume and the nature of the data housed in EnerGov and its role in managing regulatory and financial activities, conducting periodic user access reviews will assist in confirming that system access remains appropriate and aligned with current roles and responsibilities.

Recommendation

The following is recommended:

- Reinststate a recurring user access review process for the EnerGov system to confirm that access is appropriate and reflects current job roles and responsibilities.

Management's Response

Response: Management concurs with the observation. The EnerGov Team will create an annual new user access review policy and process to include removing any unauthorized or outdated access identified by the new review process within two (2) business days of receipt of confirmation.

Responsible Party: DoIT – EnerGov Team

Estimated Completion Date: June 30, 2026



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