



# PRINCE WILLIAM COUNTY

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## Internal Audit Report: Information Technology (“IT”) Seat Management Fees – External Entities

Prince William County, Virginia

April 21, 2026



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## TRANSMITTAL LETTER

April 21, 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 information technology seat management fees. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on May 19, 2026.

Our report is organized into the following sections:

<b>Executive Summary</b>	This provides a high-level overview and summary of the observations noted in our internal audit of the information technology seat management fees – external entities.
<b>Background</b>	This provides an overview of the function, as well as relevant background information.
<b>Objectives and Approach</b>	The internal audit objectives are expanded upon in this section, as well as a summation of the various phases of our approach.
<b>Observations Matrix</b>	This section includes a description of the observations noted during our internal audit and recommended actions, as well as Management's 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

Information Technology (“IT”) Seat Management fees are a form of cost recovery used to allocate the cost of IT services to the users that benefit from them. During Phase I of this internal audit, we reviewed how these fees are charged to internal County departments to recover the cost of hardware, software, infrastructure, and support services consumed by employees. During this phase, we reviewed how these fees are charged to external entities who receive IT services through the County.

The County utilizes Memoranda of Understanding (“MOUs”) to establish the framework for cost sharing calculations based on the IT Seat Management fee schedule and to define the general responsibilities related to the provision, use, and funding of IT services. The County provides IT equipment and support services to external entities which commonly include customer service support, deskside support, periodic hardware and software refresh support, and network connectivity. Fees are to be established and billed in accordance with the executed agreements and adjusted as changes in service scope, quantity, or cost occur.

The seat management fee structure is primarily administered by the Department of Information Technology (“DoIT”) and is integrated into the County’s budget and financial processes. Clear documentation, consistent methodologies, and effective internal controls are critical to supporting transparency, contractual compliance, accurate billing and revenue collection, and accountability over the recovery and use of IT-related costs.

Currently, the County maintains two (2) MOUs that define the services and fees associated with providing IT seat to three (3) external entities: the Northern Virginia Criminal Justice Training Academy (“NVCJTA”), the City of Manassas, and the City of Manassas Park.

In fiscal year (“FY”) 2026, the County collected \$104,086 from the three (3) external entities with which MOUs are established.

### Overall Summary / Highlights

Internal audits provide insight into an organization’s culture, policies, and procedures and aids the Board and Management in oversight by verifying internal controls are operating effectively, and adequately mitigating risk, and are in compliance with relevant laws, regulations, and policies.

The observations detailed in the pages that follow represent only the instances where exceptions were noted, and do not detail the instances where testing resulted in no reportable observations. For each observation, we discuss the relevant risks, which may include financial, operational, and/or compliance, as well as public perception or ‘brand’ risks.

### Objectives and Approach

The primary objective of this internal audit was to assess the design and effectiveness of internal controls over the administration of IT assessment fees, commonly referred to as “seat management fees,” that are charged to external entities. Our approach included the following:

- Conducted interviews with County management to gain an understanding of the in-scope processes.
- Reviewed applicable MOUs, policies, procedures, and supporting documentation to understand fee methodologies, invoicing processes, and roles and responsibilities.
- Reviewed supporting documentation to substantiate charges.
- Verified that costs recorded are in compliance with the terms of the contract, including the rates charged for each product or service.
- Recalculated the fees charged for mathematical accuracy.
- Verified appropriate approvals were obtained by the County prior to invoice issuance.
- Verified timeliness of payment receipt from the external entity.
- Performed data analytics on the population of payments received to identify any anomalies or trends.
- Assessed compliance with any applicable service level agreements requirements within the contract.

The review scope included the current cost allocation methodology and fee structures in place that were used to calculate and bill IT Seat Management fees to external entities for the fiscal year 2026 period. Fieldwork was performed March 2026 through May 2026.

### Summary of Observation Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
IT Seat Management Fees: External Entities	-	1	-

***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 observation that was identified during this internal audit. Detailed observation is included in the observations matrix section of the report. Definitions of the rating scale are included below.

Summary of Observations	
Observations	Rating
1. MOU Documentation and Invoice Language	Moderate

### Risk Rating Definitions

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

Through the Department of Information Technology (“DoIT”), the County provides information technology services to certain external entities and jurisdictions pursuant to executed Memoranda of Understanding (“MOUs”). These arrangements allow external entities to utilize County-owned and County-managed technology infrastructure and services, with costs recovered through defined fee arrangements intended to reasonably reflect service usage. External entities that receive IT services include towns, cities, and the Northern Virginia Criminal Justice Training Academy (“NVCJTA”).

This engagement represents the review of the information technology seat management fees (“ITSM fees”) process for external entities and focuses specifically on fees charged to external entities, whereas Phase I addressed fees charged to internal County departments/divisions. The objective of this project is to assess whether controls over contract administration, billing, and cost recovery for external entities are adequate and operating effectively, and whether fees assessed are consistent with contractual terms.

Under the applicable MOUs, DoIT provides ongoing technology support services to external entities, including seat management, telecommunications support, licensing, and use of IT infrastructure. The MOUs define the roles and responsibilities of both parties and establish the basis for cost sharing and reimbursement.

Billings to external entities are based on defined service components and usage levels outlined in the MOUs. Billable items typically include seat management services, which encompass customer service support, deskside support, software refreshment, hardware refreshment on a defined lifecycle, and network connectivity and support. In addition, certain MOUs provide telephone and voicemail services, with charges calculated using rates consistent with the County’s internal service fund billing methodology. Billings are adjusted periodically based on changes in inventory, such as the number of seats, devices, phone lines, or network logins in use, and are subject to annual review.

### Roles and Responsibilities

**The Department of Information Technology (“DoIT”):** DoIT is responsible for providing IT services to County departments and the agreed upon external entities and developing and maintaining the IT seat management fee structure. For internal users, DoIT calculates proposed fees using defined cost pools and allocation bases and maintains supporting operational data, such as asset inventories and service catalogs, used in the allocation process. For external users, DoIT is responsible for liaising with the external IT department(s) and maintaining the agreements which define the services provided, the rates charged, and the billing schedule.

**The Office of Management and Budget (“OMB”):** OMB oversees the incorporation of IT seat management fees into the County’s annual budget process and reviews DoIT’s budget inputs and assumptions for financial planning purposes. OMB relies on DoIT and County departments to communicate known or anticipated cost drivers, including contractual obligations, and supports executive leadership in evaluating the affordability and sustainability of IT services.

**External Entities/Service Recipients:** Encompasses all organizations outside of Prince William County government that utilize County IT services and may be charged seat management fees under a contract or agreement. Under established MOUs, external entities are billed for products and services on an annual basis and are expected to remit payment timely. Annual invoices are issued in October and contain supporting documentation and schedules as required by the MOUs.



## BACKGROUND (CONTINUED)

### External Service Recipient Overview

The following three (3) external entities were reviewed as part of this internal audit. In addition to the external entities described below, the towns of Dumfries, Haymarket, Occoquan, and Quantico were also identified as receiving IT services/support during the audit period (see **Observation 1**).

#### Northern Virginia Criminal Justice Training Academy

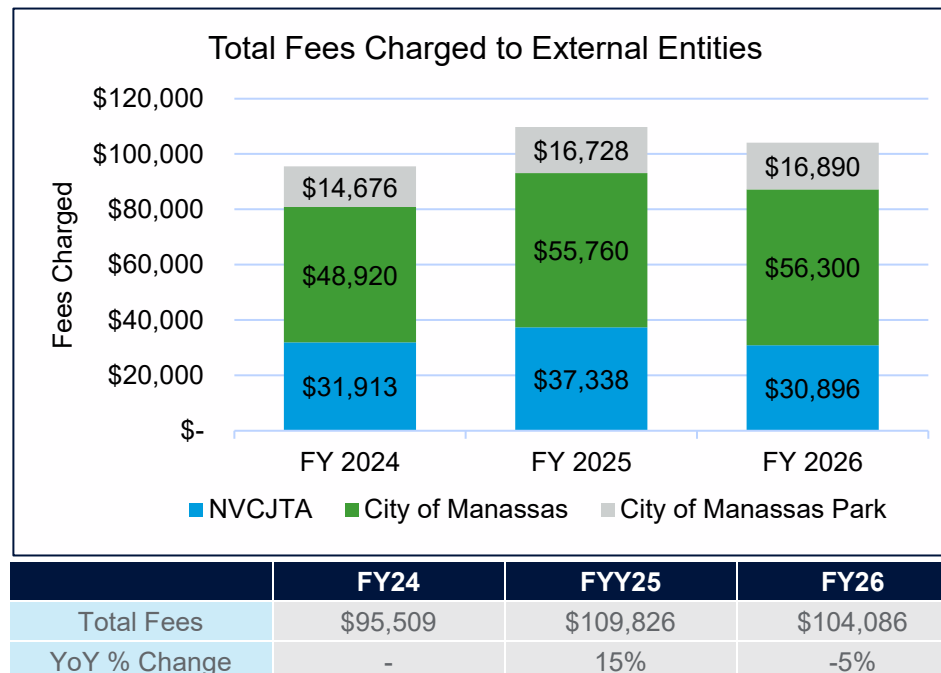
The Northern Virginia Criminal Justice Training Academy (“NVCJTA”) and the County jointly own the Emergency Vehicle Operations Course (“EVOC”) which provides specialized driver training across Northern Virginia for Police and Fire recruits and instructors. The EVOC facility, located adjacent to the Prince William County Criminal Justice Training Academy, supports both recruit and in-service training through classroom instruction, simulators, and controlled driving courses designed to promote safe and effective emergency vehicle operations.

#### City of Manassas

The City of Manassas is an independent city in Northern Virginia that provides a full range of municipal services, including public safety, public works, utilities, and administrative services to its residents and businesses. The city is geographically surrounded by Prince William County and maintains intergovernmental relationships with the County to support operational and service delivery needs.

#### City of Manassas Park

The City of Manassas Park is an independent, primarily residential jurisdiction in Northern Virginia that provides core municipal services such as police, fire and rescue, public works, and administrative functions, and is located adjacent to both Prince William County and the City of Manassas, supporting regional coordination for shared services and infrastructure where applicable.

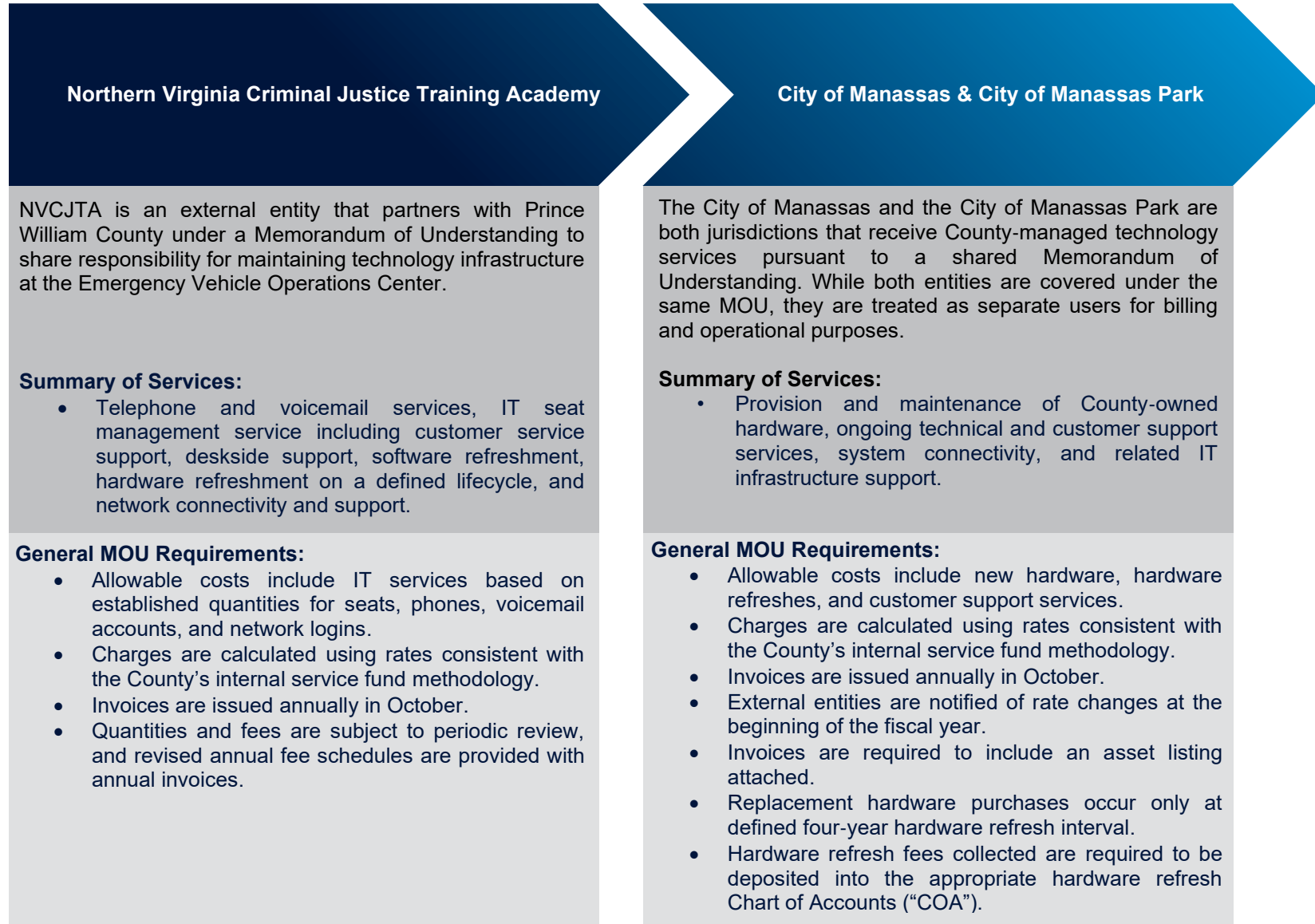




## BACKGROUND (CONTINUED)

### External Service Recipient Overview (Continued)

The following graphic provides an overview of the two (2) different MOUs which cover the three (3) service recipients that were reviewed as part of this audit.

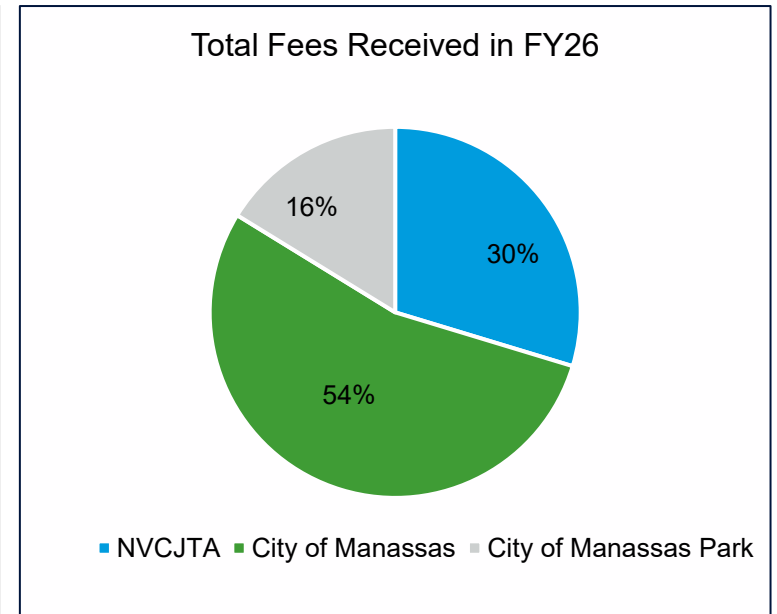
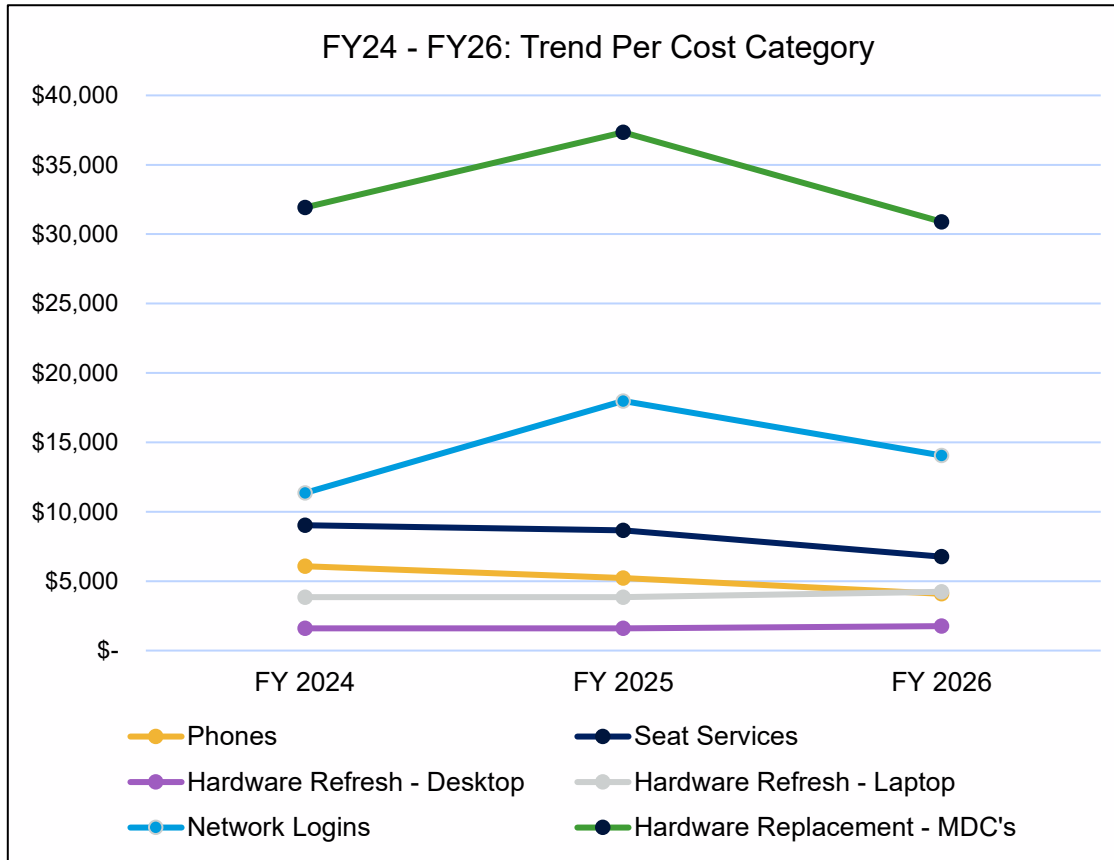




## BACKGROUND (CONTINUED)

### Summary Data

The following provides a summary of the IT seat management fees collected from the external entity for FY24 through FY26. The graphics also include a breakdown of the \$104,086 collected FY26 and a year-over-year analysis comparing each fiscal year’s results to the prior year to identify changes and trends in fees charged over time in specific cost categories including network logins, phones, seat services, and hardware refreshes/replacements for desktops, laptops, and mobile data computers (“MDCs”).



External Entity	FY26 Fees
NVCJTA	\$30,896
City of Manassas	\$56,300
City of Manassas Park	\$16,890
<b>Total</b>	<b>\$104,086</b>



## OBJECTIVES AND APPROACH

### Objective

The objective of this internal audit was to assess the design and effectiveness of internal controls over the administration of IT assessment fees, commonly referred to as 'seat management fees', which are applied to external entities. This included evaluating compliance with County policies, procedures, and applicable regulatory requirements. The audit also identified any process gaps and opportunities for improvement. The review scope included the current cost allocation methodology and fee structures in place that were used to calculate and bill IT Seat Management fees to external entities for FY26.

### Approach

#### 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 was performed as part of this phase:

- Conducted interviews with the appropriate representatives to discuss the scope and objectives of this audit, obtained preliminary data, and established working arrangements.
- Conducted interviews with personnel from key departments to obtain a detailed understanding of the in-scope processes.
- Reviewed the applicable policies, procedures, and agreements related to this project.
- Performed walkthroughs to gain a detailed understanding of the function and assess the design of the process.
- Developed a risk-based work plan for the evaluation of the design and operating effectiveness of processes and controls based on the information obtained through our review, inquiry, and walkthrough procedures.

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

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:

- Evaluated the adequacy of contract documentation, including any amendments, change orders, and exhibits.
- Selected a sample of payments from external entities to the County for detailed testing. For each sample selected for testing, requested and reviewed relevant supporting documentation to assess compliance with the contract. Key review activities included the following:
  - Reviewed supporting documentation to substantiate charges.
  - Verified that costs recorded are in compliance with the terms of the contract, including the rates charged for each product or service.
  - Recalculated the fees charged for mathematical accuracy.
  - Verified appropriate approvals were obtained by the County prior to invoice issuance.
  - Verified timeliness of payment receipt from the external entity.
- Performed data analytics on the population of payments received to identify any anomalies or trends.
- Assessed compliance with select terms of the contract (i.e., service level agreements, insurance requirements, etc.).
- Gained an understanding of how fees are calculated, updated, and assessed to external entities.

#### 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's response into this report.



## OBSERVATIONS MATRIX

### 1. MOU Documentation and Invoice Language

Risk Rating: Moderate

#### Observation

The County executed memoranda of understandings (“MOUs”) with external entities to document the types and scope of IT services provided, establish cost-sharing arrangements based on the Internal Service Fund (“ISF”) methodology, and provide a basis for monitoring service usage. During our review, we noted the following:

#### 1. IT Services Provided without Agreements in Place

In 2019, a prior County Executive and a prior Deputy County Executive determined to discontinue charging certain towns for specific IT services. They also communicated an expectation that formal agreements would be developed to define the updated service arrangements. We identified four (4) jurisdictions currently receiving County-provided IT products and services under this arrangement for which formal agreements have not been drafted or executed:

- **Town of Dumfries:** Receives general IT products and support services.
- **Town of Haymarket:** Receives general IT products and support services.
- **Town of Occoquan:** Utilizes computer-aided dispatch (“CAD”) and mobile data computers (“MDCs”) connected via a virtual private network (“VPN”) which requires IT support services.
- **Town of Quantico:** Receives public safety radio support services.

#### 2. MOU Language and Invoice Accuracy

While the County provides an updated rate sheet attached with the annual invoices sent to external entities each year, the MOUs themselves are not part of a regular, annual review process. The NVCJTA MOU was originally written and executed in 2017, and the City of Manassas and City of Manassas Park MOU was originally written and executed in 2023; neither of the MOUs has received updates since their original execution. The following MOU discrepancies were observed:

- The NVCJTA MOU specifies that the NVCJTA may be billed for up to four (4) voicemail logins; however, based on verbal commentary from Management, these services are now provided at no additional cost.
- The Manassas MOU language is unclear whether Microsoft licensing is an allowable component of the regular “seat service”. This charge was included on the FY26 invoice.
- The NVCJTA MOU specifies that three (3) network logins are billable; however, the invoice includes charges for four (4) network logins (additional billing of \$3,512 in FY26).
- The NVCJTA invoice contains distinct charges for hardware refreshments (\$440 for desktops and \$605 for laptops), while the MOU defines hardware refreshments to be part of the “seat services” cost (\$615 per seat). Because hardware refreshment is included in the seat service definition but is billed separately, the MOU does not clearly align with the billing structure, making it difficult to reconcile invoiced charges to the agreement and increasing the risk of inconsistent billing.



## OBSERVATIONS MATRIX (CONTINUED)

### 1. MOU Documentation and Language (Continued)

Risk Rating: Moderate

#### Observation (Continued)

#### 3. MOU Inclusions

Beyond rate and service alignment, MOUs serve as the primary mechanism for defining each party's responsibilities and protections when County IT resources are extended to external entities. The following MOU language deficiencies were observed:

- Neither MOU define the protocols to be followed if IT assets are damaged or lost by the external entity, including notice to the County and cost-recovery charges.
- Neither MOU include cybersecurity or information-security provisions, such as incident notification, access controls, or County authority to isolate affected systems.

#### 4. MOU Signatures

Both the NVCJTA MOU and the Manassas MOU contained differing signatory authorities representing the County.

- The NVCJTA MOU (executed in 2017) was solely signed by the County CIO.
- The City of Manassas and City of Manassas Park MOU (executed in 2023) was signed by the County Board Chair, County Executive, FRS Chief, DPSC Director, and CIO as the County representatives.

In the absence of executed and regularly reviewed MOUs, service scope, invoicing practices, cost-recovery terms, asset accountability, and oversight expectations are not clearly documented, which may lead to misunderstandings, fee disputes, and inconsistent treatment among external entities. The lack of agreements for certain jurisdictions, combined with outdated MOU language for others and lack of consistent signatories, limits the County's ability to monitor service utilization, confirm consistent treatment across external entities, and confirm alignment with the County's ISF cost-recovery framework.

#### Recommendation

The following is recommended:

- Evaluate IT service relationships with all jurisdictions to determine whether formal agreements are necessary. Where an agreement is warranted, execute an MOU defining service scope, cost recovery or funding expectations, and monitoring responsibilities; where an agreement is not warranted, formally document the business rationale for continuing support without an MOU. As an alternative, the County may leverage and update existing IT shared services agreements to incorporate external entities, where appropriate.
- Establish and document an annual review process, including the appropriate approval workflow (signatures) required from PWC representatives, for all active MOUs to be performed prior to invoice issuance, to confirm the continued appropriateness of the agreement, validate billing accuracy, and incorporate any changes in service delivery, scope, or billing practices.
- Standardize and reconcile invoicing practices to the executed agreements terms so that invoiced line items correlate directly to allowable charges.



## OBSERVATIONS MATRIX (CONTINUED)

### 1. MOU Documentation and Language (Continued)

Risk Rating: Moderate

#### Management's Response

**Response:** Management concurs that formal MOUs should be in place and kept current. Updates will be implemented for the FY 2028 budget cycle.

**Responsible Party:** TBD, DoIT

**Estimated Completion Date:** June 30, 2027



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