

ADMINISTRATION RESPONSE TO TAXATION, ASSESSMENT AND COLLECTIONS SYSTEM GOVERNANCE AUDIT

Recommendation

That the April 29, 2025, Financial and Corporate Services report FCS02984, be received for information.

Requested Action		Information only	
ConnectEdmonton’s Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		N/A	
City Plan Values	N/A		
City Plan Big City Move(s)	N/A	Relationship to Council’s Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none">TACS Transformation Program		
Related Council Discussions	<ul style="list-style-type: none">April 29, 2025, Office of the City Auditor report OCA03026, Taxation, Assessment and Collections System Governance Audit		

Executive Summary

- The City's proprietary Taxation, Assessment and Collections System (TACS) was built in 1995 and is used to assess property values, calculate property tax, and collect these amounts in a highly legislative environment.
- TACS is a critical application for the City. It is foundational to the collection of taxation revenue that supports virtually all of the City's programs and services, and it is essential for maintaining

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the City's financial sustainability and meeting its legislative commitments. Future investments in TACS will be required for the long term sustainability of the system.

- In 2024, the City used TACS to assess over 433,500 properties and support the collection of approximately \$2.6 billion in municipal and provincial education taxes.
- The Office of the City Auditor completed an audit to determine whether there is an effective governance process in place to maintain TACS usability.
- Administration accepts all of the audit recommendations and the corresponding actions.
- Administration is committed to addressing all of the Auditor's recommendations by March 31, 2026.

REPORT

The Taxation, Assessment and Collections System (TACS) is essential for maintaining the City's financial sustainability. In 2024, it was used to assess over 433,500 properties and supported the collection of approximately \$2.6 billion in both municipal taxes (53 per cent of the City's operating revenues) and provincial education taxes. TACS requires ongoing investments in upgrades to ensure the long term sustainability of the system, improve the interface, develop efficiencies and achieve cost savings. As part of the City's information technology renewal approach, a long term strategy regarding Assessment and Taxation technology needs will need to be assessed to ensure the ongoing sustainability of assessment and taxation operations.

Background of the Taxation, Assessment and Collections System

- TACS is a City-built system that became operational in 1995. Since then, it has continued to receive required maintenance, minor enhancements and customizations to meet legislative requirements, Council directives and TACS user requests. However, overall system maintenance has largely followed a status quo approach, and now requires increased investment and resources to support and upgrade the platform.
- An application review in 2009 concluded that, overall, the TACS application was in good shape, and also identified several areas of high-risk, potential short-term return on investment opportunities, and scenarios related to partial or whole system replacement.
- A second review of TACS in 2014 assessed the lifespan of the application. Overall, the review was positive: TACS was rated good in value and strategic alignment, benchmark costs and infrastructure; fair from an operational perspective due to its significant amounts of complexity that had been layered in over 20 years; and poor with respect to versioning, upgrade paths and capital investment.
- In 2018, CGI Group reviewed TACS and found that the technical foundation of the application was solid, but some significant components were rooted in dated technology that did not adequately support the City's current and future needs. To enable all other future enhancements, CGI Group recommended that a new front-end technical foundation be built.
- In 2019, Administration worked with RSM Canada on a business strategy and business case to assess and strategize a path forward for TACS. The business case reviewed similar sized jurisdictions and found that the cost of replacing systems of this size could easily exceed \$20

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million and span many years with substantial risk. The City of Edmonton was in a unique situation because TACS' core technology was still supportable and had useful life, so the recommendation was to incrementally transform some aspects of the system to enable new capabilities and address underperforming areas without requiring a large upfront investment.

- Funding was not available at the time, so TACS continued under the status quo throughout the 2019-2022 financial cycle. Maintenance and upgrades were made based on current priorities, but because none of the major issues identified in the business case were addressed, the cost for new module additions and routine maintenance became increasingly more expensive and time consuming.
- In 2022, TACS received a budget of \$2.8 million in capital funding for the 2023-2026 budget cycle, with an additional \$1.0 million of pre-existing operating funds being allocated to implement enhancements to the system. With this investment, Administration has begun to address system limitations in a more effective and strategic manner, rather than simply repairing the most urgent deficiencies, allowing the City to modernize components of the system and extend its lifespan.
- The TACS Transformation program is addressing some of the issues identified in both the 2018 CGI Group review and the 2019 TACS Modernization Business Case, as well as emerging technology limitations. This includes various functions related to business process automation, data/content/document management, digital customer services, secure non-residential portal, and graphical user interface.
- Some investment is helping TACS; however, it is still a complex and aging system. TACS is foundational to supporting virtually all City programs and services, and is critical to the City's financial sustainability. Additional ongoing investment is required to ensure TACS' longevity, and a total system replacement may be necessary in the future.

Audit Recommendations and Responses

Administration accepts all of the Auditor's recommendations and will have completed all of the corresponding actions for the Auditor to review by March 31, 2026.

Audit Recommendation 1

Establish a governing body for the TACS application including formally defining, assigning, and communicating the roles and responsibilities of its members to improve strategic oversight of the TACS application.

The Assessment and Taxation (A&T) branch leadership team, in close collaboration with the Open City and Technology (OCT) branch, has been actively managing the TACS application. This approach has involved the review, prioritization, and implementation of system enhancements driven by emerging risks, operational inefficiencies, legislative compliance, and corporate/Council directives. Within their respective purviews, A&T and OCT provided a stewardship function for the TACS application to meet current operational needs and legislative requirements. However, given the critical nature of TACS to the City's financial sustainability, there is a clear recognition that a more

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formalized, corporate body is necessary to govern ongoing investments and define long-term strategy for the technological management of assessment and taxation functions.

The Financial and Corporate Services department will establish this governing body for the TACS application, identify appropriate membership representing relevant stakeholders across the corporation, and clearly communicate the roles and responsibilities of its members to ensure effective strategic oversight.

Implementation Date: March 31, 2026

Audit Recommendation 2

Improve and document the risk management process to regularly identify, assess, monitor, and report on how TACS application risks are being managed.

The Assessment and Taxation (A&T) branch, working in conjunction with the Open City and Technology (OCT) TACS team, has managed day-to-day operational risks associated with the TACS application. This includes ensuring the system's continued performance and adherence to legislative requirements. However, the management of long-term strategic risks, such as those related to large-scale development, significant funding requirements, and potential system replacement, extends beyond the resources and mandate of the A&T branch.

Recognizing the importance of a comprehensive approach to risk management, Financial and Corporate Services department leadership will document a formal risk management process. This process will include the regular identification and assessment of risks, the establishment of monitoring and management strategies, and the implementation of regular reporting to the Governance Committee identified in Recommendation 1. This formalized process will enable a more strategic and corporate-level approach to managing both immediate and long-term risks associated with the TACS application.

Implementation Date: March 31, 2026

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While the governance of TACS is an internal, administrative function, the system's continued functionality is critical to the City's financial sustainability and its ability to support virtually all City programs and services that, in turn, enable a better life for Edmontonians. In addition, investments in TACS provide direct benefits to Edmontonians as it enhances accessibility to property assessment and taxation information and related functions.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed, no significant interactions with the City's environmental and climate goals were identified within the scope of this report.