**OFFICE OF
THE CITY AUDITOR**

# REPORT
## TAXATION, ASSESSMENT AND COLLECTIONS SYSTEM GOVERNANCE AUDIT

**APRIL 16, 2025**

# Report Summary

**BACKGROUND**

The City of Edmonton uses the Taxation, Assessment and Collections System (TACS) to support the overall administration of property taxes. 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 City built the TACS application in 1995 and since then, it has undergone active maintenance and enhancement to ensure the application is stable and supports the needs of the City.

The TACS application is primarily used by the Assessment and Taxation (A&T) Branch with upgrade and maintenance support provided by the Open City and Technology (OCT) Branch. Both branches reside within the Financial and Corporate Services Department.

Members of both branches oversee the ongoing development and maintenance of the TACS application. The City explored sourcing a replacement application for TACS, but ultimately decided to implement the TACS Transformation Program in 2023 to leverage the existing system and technology, and use a cost-effective approach to implement modern technologies. While this initiative aims to increase staff efficiency and accommodate future system flexibility, the City acknowledges that a replacement may be needed in the future.

**AUDIT OBJECTIVE & SCOPE[1]**

The objective of this audit was to determine whether the Financial and Corporate Services Department[2] has an effective

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[1] We conducted this engagement in conformance with the Institute of Internal Auditors' *Global Internal Audit Standards*.

[2] We initially included the TACS Steering Committee as the responsible party in our audit objective. We adjusted this to the Financial and Corporate Services Department to better reflect the actual responsible party.

governance process for the Taxation, Assessment and Collections System to maintain usability.

This audit did not include evaluation of daily operations or technical aspects of TACS application enhancements.

**WHAT WE FOUND**[3]

Overall, the Financial and Corporate Services Department partially met the audit objective. The Department has some aspects of a governance process in place to maintain the TACS application's usability. These include:

- Aligning investment in the TACS application with the City's overall Business Technology Strategy.
- Identifying key TACS application risks and prioritizing specific areas for improvement.
- Forming a committee that consists of representatives from both the A&T and OCT branches that is responsible for guiding, monitoring, and ensuring the success of the TACS Transformation Program (the Program).
- Allocating resources to the Program.
- Developing an internal Program website to report and track progress of the Program as a whole.

However, we found the following areas where the Department can improve its governance of the TACS application:

- Overall TACS application strategic oversight - The Department has not established a governing body for the overall TACS application, including clearly defined, assigned, and communicated roles and responsibilities for its members. This body is different from the committee set up to oversee the TACS Transformation Program, in that it would have oversight over the entire application.

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[3] The Institute of Internal Auditors' *Global Internal Audit Standards* require us to report the significance and prioritization of our findings. This report contains all our significant findings and those that we deemed not significant, but that still support our recommendations. We prioritized each significant finding based on how important it is that management address the finding. This report contains only those significant findings that we prioritized as management must address, or should address.

- Risk management - The Department does not have a formal process in place to identify, assess, monitor, and report on operational risks at the TACS application level on an ongoing basis.

## RECOMMENDATIONS

Recommendation 1

We recommend that the Financial and Corporate Services Department 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.

Recommendation 2

We recommend that the Financial and Corporate Services Department improve and document the risk management process to regularly identify, assess, monitor, and report on how TACS application risks are being managed.

WHY THIS IS IMPORTANT

TACS is a critical system used to assess properties and collect municipal taxes, which are essential for the City's financial sustainability. Improving strategic oversight and risk management of the TACS application is necessary to ensure that the TACS application remains stable and can continue to support the City's operations effectively.

# Taxation, Assessment, Collections System Application Governance

**TACS APPLICATION OVERVIEW**

The City of Edmonton developed the Taxation, Assessment and Collections System (TACS) application in 1995. The City's Financial and Corporate Services Department uses this proprietary IT application to assess property values, calculate property tax, and collect assessed taxes in a highly legislative environment.

TACS is a critical application for the City's financial wellbeing. 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 revenue collection enabled through TACS is foundational to supporting virtually all of the City's programs and services and is essential for maintaining the City's financial sustainability. The system is critical for the City to meet its legislative commitments.

The City's Open City and Technology (OCT) Branch is responsible for maintenance of the TACS application, and the Assessment and Taxation (A&T) Branch is its primary user. However, multiple other branches across almost all City departments rely on TACS for specific business requirements, either directly or indirectly. For example:

- Planning and Environmental Services Branch to manage the Clean Energy Improvement Program.
- Building Great Neighbourhoods Branch to manage Local Improvement Charges.
- 311 to answer citizen questions re: property assessment and taxation.

To fulfill its City-wide functions, TACS is an integrated system

that interfaces with approximately 30 different internal and external systems. These systems include SAP (the City's financial system), Public One Stop Service (POSSE), and the Government of Alberta's Land Titles Office interface.

Since its creation in 1995, the TACS application has been actively maintained and enhancements have been made where necessary to meet legislative requirements, Council directives, and TACS user requests. In 2023, the City initiated the TACS Transformation Program to facilitate changes and enhancements to modernize the application.

For 2023-2026, the Program has a total budget of $3.82 million ($2.82 million in Council approved capital funding and $1.0 million of operational funding transferred from the A&T Branch operating budget to the capital profile).

# Improve TACS Application Strategic Oversight

**KEY FINDINGS**

We found that the A&T Branch management and the OCT Branch management make decisions on the current and future needs of the TACS application. They have also established a committee to provide leadership and support for the TACS Transformation Program.

However, the Financial and Corporate Services Department does not have a formal group or governing body with the role of providing governance and long term strategic oversight to the entire TACS application.

**ABSENCE OF GOVERNING BODY**

We found the Financial and Corporate Services Department lacks a governing body for the TACS application whose role is to make decisions related to long term strategic direction, resource allocation, risk management, performance metrics, and overall evaluation.

We found examples where these types of decisions were being made by A&T Branch management and the committee established to manage the TACS Transformation Program only. For example:

- A&T Branch management have made decisions that align investment in the TACS application with the City's overall Business Technology Strategy.
- A&T Branch management have made decisions on which specific areas of the TACS application should be prioritized for improvement if funding becomes available.
- The committee that manages the TACS Transformation program has discussion on and decides on resource allocation related to the TACS Transformation Program.

However, the roles and responsibility for making these decisions and others relating to strategic oversight have not been formally defined, assigned and communicated.

**WHY THIS IS IMPORTANT**

A formal governing body with responsibility for overall governance and long-term strategic oversight of the TACS application will ensure accountability, resource efficiency, and that the application meets the City's future business needs. Without this oversight, the TACS application may not be managed effectively and could become unsustainable.

**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.

**Responsible Party**

Chief Financial Officer and Deputy City Manager, Financial and Corporate Services Department

Accepted by Management

**Management Response**

The Department will establish a governing body for the TACS application, identify the appropriate membership, and communicate roles and responsibilities to the members.

**Implementation Date**

March 31, 2026

# Improve TACS Application Risk Management

**KEY FINDINGS**

A&T Branch management have broadly identified TACS application risks through the annual A&T Branch Risk Registers. For example, *"Lack of investment and prioritization in the TACS Transformation Project results in inefficiencies and the inability to satisfy legislative mandates, corporate/council objectives, and customer needs."*

The A&T Branch also identified application-specific risks to be addressed by the TACS Transformation Program.

However, the A&T and OCT branches have not documented a formal TACS application risk management process. Such a process would include monitoring and reporting on risks on an ongoing basis.

**LACK OF FORMAL TACS APPLICATION-SPECIFIC RISK MANAGEMENT PROCESS**

We found that the A&T and OCT Branches do not have a formal process in place to identify, assess, monitor, and report on operational risks at the TACS application level on an ongoing basis.

The branches have an informal process to identify which TACS risks they wanted to address when they developed the TACS Transformation Program. This was informed, in part, by the results of two historical reports from external consultants, from 2018 and 2019. Those reports identified and assessed application-specific risks that could be covered in the Program.

Operational risks being addressed by the Program include various functions that are aimed to enhance workforce and system capacity through improved efficiencies, simplified processes, and adaptable future capabilities. This includes:

- Business Process Automation - improve application abilities and automate workflow.
- Data/Content/Document Management - centralized correspondence management and integrating various data sources with improved access control.
- Digital Customer Services - enhance self-service options for residential property owners.
- Graphical User Interface - improve the end-user platform to have a more streamlined and intuitive user interface.
- Non-Residential Portal - enhance the City's MyProperty public website to improve information access and functionality related to non-residential properties owners.

However, it is not clear to what extent the Program will mitigate these operational risks. As well, it is not clear whether the Program has completely addressed the risks, and which residual risks will need to be addressed in the future.

**WHY THIS IS IMPORTANT**

The lack of a formal process to identify, assess, monitor, and report on operational risks could leave the TACS application vulnerable to disruptions, errors, and inefficiencies. As well, without regular risk monitoring, it will be challenging to assess which risks are being addressed, partially addressed, or accepted until future upgrades can mitigate them.

The TACS application is critical to the City, which supports the needs for a formal and application-specific risk management process.

**RECOMMENDATION 2**

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

**Responsible Party**

Chief Financial Officer and Deputy City Manager, Financial and Corporate Services Department

Accepted by Management

**Management Response**

Department leadership will document the risk management process including the identification and assessment of risk and the monitoring and management of those risks, in addition to establishing regular reporting to the Governance Committee identified in Recommendation 1.

**Implementation Date**

March 31, 2026

**ACKNOWLEDGEMENT**

We would like to thank the staff in both the Assessment and Taxation and Open City and Technology Branches for their cooperation during the audit.