

Align policy, processes and people for efficient tax and finance operations



Leverage advanced case management to apply analytics to detect fraud and support investigations

Highlights

- Apply analytics to help differentiate between fraud and unintentional errors
 - Manage complex investigations dynamically in a collaborative casework environment
 - Capture informal communications to create effective audit trails and ensure compliance with regulations and policies
 - Automate business rules to speed handling of tax casework
 - Analyze case files and casework for better overall insight and auditing
 - Provide a 360-degree view of structured and unstructured case information
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The challenges of efficient tax collection

Just as the recent economic downturn depressed overall tax revenues, it is also driving governments to increase the efficiency and effectiveness of their collection operations. While tax revenues have been plunging, accounts receivable have been increasing, and fraudulent claims and audits are often not investigated as effectively as they could. In the UK, Her Majesty's Revenue & Customs (HMRC) department recently estimated that fraud and error equated to £2.1 billion overpayments of tax credits for one year. Of those tax-credit overpayments, 22 percent represented fraudulent returns for a loss of £600 million.¹

Elected officials are asking taxation agencies—like many other government sectors—to reduce the cost of what they do and improve responsiveness to citizens while streamlining business operations. But this is often easier said than done. For example, the complexity of many countries' tax laws can make it difficult to discern between intentional fraud and unintentional error. That same complexity makes it difficult for taxation agency employees to accurately answer questions from citizens and corporations or make decisions in a timely fashion, which frustrates both employees and taxpayers.

Worse, some agencies may apply different definitions to the same terms. In an HMRC analysis done in conjunction with the UK Department for Work and Pensions (DWP) social services agency, the government determined that some taxpayers were confused about the concept of “living together as man and wife”—a legal category that affects both taxation and benefits eligibility. Plus, the HMRC and DWP had slightly different definitions of the term's meaning. These kinds of discrepancies have an enormous impact on the classification of data and the management of case files.



The overall complexity of tax laws can also unintentionally lead to more attempts at fraud, as individuals or corporations try to exploit the system's weak points for personal gain. Whether successful or not, news of such attempts contributes to the citizenry's perception that the system is rife with inefficiency. This leads to general distrust of and disrespect for the taxation agency specifically and the government in general.

Another level of complexity exists in incompatible technology systems, which can cause information-sharing errors that lead to potentially inaccurate and unreliable results. Manual processes and poorly enforced policies also reduce effectiveness. Shortfalls in staff training aggravate the situation further. As tax and finance departments focus more on empowering knowledge workers and creating an adaptable, flexible work environment, the more efficient people, policy and processes will be in the future.

How are taxation and finance agencies keeping pace?

To combat these issues, taxation and finance agencies are looking at advanced case management strategies. Advanced case management strategies help organizations become more efficient by providing workers with access to structured and unstructured information from across the organization while consistently enforcing complex business rules. It supports a collaborative environment to help organizations capture ad hoc and formal communications and decision-making processes.

An advanced case management platform can also provide greater insight into case files. Organizations can use it to perform multiple forms of content analytics, including analyzing contracts, forms, email and even diagrams, to derive even greater knowledge from their information and look for patterns that may indicate fraud.

Aligning policy, process and workers

While legacy case management systems and solutions have been available for quite some time, they often lack the ability to provide 360-degree views of a case that includes both structured and unstructured information, or to address the different types of ad hoc and investigative processes. Many existing systems are proprietary, creating additional electronic silos of information.

As governments transform how they deploy and support case file operations, they are focusing on aligning program policy, case workers and processes. An integrated advanced case management strategy supports these operations and programs and can deliver specific benefits such as:

- **Increased security and privacy:** Access to information is automatically granted and managed, with fine-grained distinctions enforced by policy; specific roles can be established to permit only those who meet specific criteria to see and work on cases and related information.
- **Effective use of resources:** Sophisticated analytics automatically detect patterns of fraud and potential citizen error, so case workers can focus on resolving problems instead of hunting for anomalies. Fast, accurate, automated assessment of tax returns helps accelerate investigations. For cases of fraud and potential citizen error, advanced case management solutions can dynamically generate review tasks based on predefined business rules that can be easily edited to rapidly adjust for changing mandates.
- **Transparency:** Case information originates in numerous content and data sources, but with advanced case management, case workers do not have to worry about where the information resides—they only need to know that it is trusted, complete and accurate. Decision steps and actions taken are recorded and auditable, making it easy to track decisions that occur via email, personal conversations and other formats that are not easily recorded.
- **Collaboration:** Case file information of any type can be captured, managed and shared across government departments or governments; case information, a history of people and processes engaged for the case, tasks and decision trails are maintained in context throughout the case's life cycle. Workers can launch case investigations, engage other agencies as needed and track progress across both individual investigations and across agency investigations.
- **Reduced costs:** Case file information is entered once and shared as appropriate, eliminating the chance for duplicative data entry; organizations can leverage template-based solutions across agencies to speed service delivery and case resolution.

- **In-depth metrics:** The entire life cycle and work effort—whether structured or dynamic—can be reported on and analyzed for optimization; users may create or implement dynamic tasks based on specifics of the case and engage structured business processes as needed.
- **Reduced time-to-value:** A template-based approach enables agencies to make many modifications themselves, boosting flexibility and reducing dependence on IT to develop or modify case solutions.

Bringing together enterprise information

To deliver these benefits, advanced case management systems must provide several key capabilities:

- Sophisticated analytics to identify tax exceptions and support investigative decisions
- Ad hoc sharing of all forms of data and content via Web 2.0 technologies
- Business analytics and decision-support tools to automate fraud detection and support knowledge workers throughout the investigation
- Secure, instant access to a complete, enterprise-wide view of case information as well as all tasks and decisions throughout the case's life cycle
- Collaborative tools to tap subject-matter expertise, assess clients, develop plans, deliver services and measure outcomes
- Priority-based, automated assessment and routing of casework, supported by complex rules that can be easily edited when mandates change
- Compilation and storage of decision-making histories to ensure compliance with audited regulatory mandates
- Solution templates to enable access to best practices for better decision making and shorter implementation timelines
- Consistent, common work models and processes that span multiple programs and agencies

By implementing advanced case management capabilities, taxation agencies can strategically increase operational efficiency and employee productivity; reduce administrative costs; optimize fraud analysis; and improve fairness in how cases are handled.

How government agencies benefit from advanced case management

Government tax and finance agencies around the world have already benefited by deploying advanced case management capabilities in their offices:

- The Belgian Ministry of Finance was able to dramatically increase productivity, annually saving the equivalent of approximately 20 full-time employees' time annually.² Its staff was not only able to cut the time it took to prepare a court response by 50 percent, but increased its accuracy in compiling information, enabling more cases to be adjudicated without going to court. It was also able to automatically generate statistical reports, saving at least three days of work for each inspector.
- The UK HMRC deployed sophisticated risk-analysis tools, along with data mining techniques, to identify inconsistencies in customer claims. By doing so, it was able to increase its ability to identify potentially fraudulent filings from 123,000 to 1 million in a single year, and increase the yield of those investigations from £253 million to £770 million.³

These agencies and others are leveraging advanced case management solutions from IBM to help reduce the operational costs of maintaining tax revenues, while at the same time increasing their staff members' insight, collaboration and efficiency in ensuring that tax collection is done fairly and legally.

About IBM Case Manager

IBM® Case Manager supports an advanced case management strategy by unifying information, processes and people to provide a 360-degree view of tax- or finance-related cases. In addition to content and process management, it relies on advanced analytics, business rules, collaboration and social software to help drive more successful, optimized case outcomes. Moreover, IBM Case Manager helps capture industry best practices in frameworks and templates to empower users and accelerate return on investment. IBM Case Manager benefits from an integrated approach based on IBM Enterprise Content Management products and strategies, SOA technologies and other IBM tools.

About IBM Enterprise Content Management

IBM Enterprise Content Management software enables tax and finance agencies to make better decisions, faster. By gaining control of unstructured information, agencies can access, collaborate and influence business decisions in new ways, making content a first-class source of insight. With industry-specific IBM ECM solutions, agencies can capture, manage and share content throughout its life cycle to help ensure compliance, reduce costs and maximize productivity. The IBM ECM portfolio includes a wide array of capabilities that integrate with existing systems to help organizations maximize the value of information, including document capture and imaging; social content management; advanced case management; information life cycle governance and content analytics. More than 13,000 global companies, organizations and government organizations rely on IBM ECM to improve performance and remain competitive through innovation.

For more information

To learn more about advanced case management solutions and IBM Case Manager, please contact your IBM marketing representative or IBM Business Partner, or visit ibm.com/software/data/advanced-case-management

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Software Group
Route 100
Somers, NY 10589 U.S.A.

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All customer examples described are presented as illustrations of how those customers have used IBM products and the results they may have achieved. Actual environmental costs and performance characteristics may vary by customer.

- 1 Her Majesty's Revenue & Customs – Department for Work and Pensions. "Tackling fraud and error in the benefit and tax credits systems." October 2010. www.dwp.gov.uk/docs/tackling-fraud-and-error.pdf
- 2 Thoughtware Worldwide. "Belgian Ministry of Finance improves claims processing and communication with IBM ECM solution—realizes 173% ROI." www.thoughtwareworldwide.com/downloads/BMoF_F.pdf
- 3 Her Majesty's Revenue & Customs – Department for Work and Pensions. "Tackling fraud and error in the benefit and tax credits systems." October 2010. www.dwp.gov.uk/docs/tackling-fraud-and-error.pdf



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