



Practical Process

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Fraud Investigation –A Process View

In my previous column I suggested that there is a finite set of compelling reasons for adopting process-based management - a relatively small number of persuasive arguments from which every person and organization draws. My hypothesis is that every organization adopting a process-based management approach does so because one or more of these reasons resonates with its circumstances. I further suggested that the set of causal reasons is quite small and a Compelling Reason Body of Knowledge would be a valuable resource in the quest to develop process thinking and doing. To refresh your memory, here is my suggested list of reasons or expected benefits that persuade organizations to the process view.

1. **Reduce costs, remove waste.** Why waste time and resources doing unnecessary things or doing necessary things the hard way?
2. **Avoid opportunity losses.** Deeper understanding of processes and their relationships reduces the chance of missed opportunities.
3. **Improve customer service (value delivery).** Business processes are the only way any organization can deliver value to its customers.
4. **Increase organizational agility.** Change demands understanding. Big change and fast change demand intimate understanding.
5. **Improve risk management.** The more you understand a process the better you can predict and protect it's weaknesses.
6. **Document processes.** Simply documenting a process provides new understanding and reference material for training and review.
7. **Protect intellectual capital.** The fragile and portable heads of key staff members is not a good place to store an organization's intellectual capital.
8. **Support contingency planning.** Process-based management focuses the development of contingency processes on the things that will matter in a crisis.
9. **Improve strategy execution.** Business processes are the way in which every organization executes it's strategy.
10. **Reduce complexity.** Unnecessary complexity in any aspect of an organization is a handicap to optimum performance.
11. **Improve IT outcomes.** The purpose of IT systems is to support the execution of business processes. How can that happen without shared process understanding?
12. **Improve effective performance measurement.** BPM allows us to measure the full set of things that matter.
13. **Support staff to achieve success.** If "people are our most important asset", why do we so often frustrate them with broken processes.

I have had some very positive response to this list and the idea behind it. Thanks to Craig, Meindert and Mike for your feedback. The [Australian BPM Roundtable](#) also discussed the list last week, and some excellent ideas came from that session. Several people have suggested that "sustainability" would be a useful addition. Others suggested that combining the reasons into a smaller number of groups would make for a tighter message. It was also pointed out that there

are often primary reasons and secondary reasons or mandatory and desirable targets. Our compelling reasons are not independent variables so there may also be recurring patterns of reasons. The addition of “process consistency” to the list comes from the case study project I describe below.

Please keep your comments and suggestions coming. We all know that it can be very frustrating trying to explain the benefits of process-based management in the face of stony indifference. But it doesn't have to be like that. What if we had a rich, powerful and freely accessible body of knowledge about the small number of compelling reasons for BPM? What if each reason was comprehensively explained and supported by case studies, elevator speeches, stories, presentations, FAQs and other education and communication resources? What if we collaborated in putting that *BPM Compelling Reasons BoK* together and changed the world?

Fraud Investigation Manual Redevelopment Project

Centrelink

[Centrelink](#) is an Australian Government agency that administers products and services for other government agencies. It is in the top 100 of Australian companies in terms of size and turnover, and its 26,000 staff distribute A\$70 billion in social security payments on behalf of some 20 policy departments. At times of tragedy such as the recent fires in the south and the floods in the north of Australia, Centrelink plays a key role in the formal response to community support initiatives. Centrelink has 6.5 million customers to whom it pays 10 million individual entitlements and records nearly 7 billion electronic customer transactions each year. It does this via 1,000 service delivery points ranging from large Customer Service Centres to small visiting services. In each year Centrelink receives 33 million telephone calls and grants 2.4 million new claims. In this context fraud investigation is, unfortunately, an important and very necessary activity involving some 450 Centrelink staff.

The Project

Centrelink initiated a project in 2007 to enhance fraud investigation work practices to ensure alignment with the Australian Government Investigation Standards (AGIS) and other industry standards and legislative requirements. In 2008 the project delivered a system that:

- served as a single point of reference for all fraud investigators and support staff;
- directed consistent management of fraud investigations;
- facilitated the implementation of quality controls;
- clearly identified roles and responsibilities of individuals and entities; and
- linked updateable templates, letters and forms to appropriate activities.

Using an approach of combining a process model with a knowledge repository, the project developed an innovative fraud investigation management process which combined new and improved processes and knowledge management into a single source of information for staff conducting fraud investigation activities. The Fraud Investigation Manual, the main product of the project, is an interactive knowledge management and process model. The model comprises end-to-end business process flow with links to relevant

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Holocentric Reports
 This manual contains non-national security information to classification levels of X-In-Confidence. Access to this material is on a need-to-know basis only. This material is not to be released to any person outside Centrelink without the express approval of the Fraud and Prosecution Section - Business Integrity Network - Performance/Policy or Operations Branches.

[How To Read Holocentric Models](#)

What's New

Fraud Business Process - High Level

| | |
|--------------------------------|--|
| • Intelligence | • Investigations |
| • Strategic | • Planning |
| • Operational | • Information And Evidence Gathering |
| • Tactical | • Prosecution |
| | • Finalisation |
| | • Administration |
| | • Review |
| Feedback | • Recovery |

FRAUD-IN-CONFIDENCE

documents and web based information for specific activities. There are over 1,000 separate documents linked to the 277 activities described in the model, as well as links to intranet and internet addresses.

Some 450 Centrelink staff involved in fraud investigation now have one place to go for all their information needs. Current operational staff can navigate straight to the documents they need knowing that they are up to date, while new staff can follow the process model and links to familiarize themselves with the work they are required to do.

Prior to this project, it was necessary for staff to access reference material on Centrelink's intranet and external internet sites such as the [Australian Federal Police \(AFP\)](#) or [Commonwealth Director of Public Prosecutions \(DPP\)](#) as well as numerous documents and templates. Not surprisingly, this situation was difficult to manage and cumbersome to control. This made it difficult to manage the program at a national level. Consistent attention to detail is important where the outputs of intelligence gathering and prosecution management activities often form part of court proceedings. In the 12 months to 30 June 2008, for example, there were 2658 prosecutions for welfare fraud with a conviction rate of 98.7%.

The Process Design team in Centrelink conducted a number of workshops with national office and local fraud team representatives to develop a standard business process model. Current processes were analyzed and an improved standard process set was designed. Following an extensive audit and rationalization of all document types and templates in use, all information sources were linked to the related activities in the model. This provided a powerful visual operational model with clickable access to related documentation, guidelines, checklists and templates.

Project Assessment

Although this may not have been the world's largest or most complicated project, it nonetheless represents a great example of the power of process thinking and doing. The business drivers were common ones of high cost, excessive complexity and a desire to increase customer satisfaction.

From the start, a process view was used to establish agreement amongst all stakeholders about how the work of Fraud Investigation should be carried out. Rationalization of documents and improvement of processes lead to improvement in key business performance measures. The process view was vital in achieving stakeholder understanding and agreement. New process models, with contextualized links to the rationalized knowledge base, were published for all users to access.

The process view persists because the process models are in constant use by all Fraud Investigation staff. Performance is measured in terms of process outputs. Process and documentation changes are promulgated immediately via the same system.

Process thinking wasn't something done only once to develop an application design and then forgotten. Process thinking and doing is constantly reinforced as users interact with the process models and get direct and tangible operational benefits from doing so. A virtuous cycle if ever I saw one.

Conclusions re the Compelling Reasons BoK

So where does all of this fit in our embryonic Compelling Reasons BoK?

Having chosen this project as a test case, I find myself thinking that THE compelling reason for taking a process approach to the redevelopment of the Fraud Investigation Manual is one that is not on the list. Process consistency was required so that Centrelink could provide assurance to its

client agencies and the Government that all processes were optimized and compliant with AGIS and other industry and regulatory standards. So I add “process consistency” to our putative list of compelling reasons. Do you agree?

A number of the other items from our list were important secondary reasons. *Costs* for operational activities and for documentation maintenance have been reduced. While that was not a primary objective, it is always a useful consequence. *Customer satisfaction* has improved for both Centrelink’s client agencies and the system’s users in Fraud Investigation. Compliance with user expectations was a corollary to process consistency. The process approach also enabled Centrelink to benchmark those expectations. Improving *risk management* was also important. In the 07/08 financial year Centrelink conducted 36,000 fraud related investigations which led to A\$140 million in recoveries. *Reducing complexity* by optimizing and standardizing activities was also an important reason for the process approach.

BPM Compelling Reasons BoK

In future columns I will continue to report on development of the *BPM Compelling Reasons BoK* and use other case studies to tease out the reasons why organizations take the process pathway. I will be delighted to receive your suggestions or contributions at r.tregear@leonardo.com.au.

My thanks (and congratulations) to Frank Fletcher and Mike Gauntlett from Centrelink’s Business Process Design Branch for their assistance in this investigation.