



Monitoring Reports: Definitions of the important components

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Within the Policy Governance® model, a board delegates authority to the executive (General Manager, CEO, Executive Director, etc) through written policies. The executive then uses written reports to demonstrate accountability for the use of that authority. These monitoring reports are an important and primary component of the board's evaluation of the executive; knowing what to include and what to look for can help the executive and board members create a highly effective and user-friendly system.

The sample reports in the [GM Report Support](#) section of the Columinate library follow a standard format and include a consistent set of ingredients. Look for these five important components in the samples and in your own monitoring reports:

Statement of Compliance

This statement, part of the introduction or heading for the report, will read something like "I report compliance with all parts of this policy" or "I report compliance with all parts of this policy except" Because Ends are often aspirational, Ends reports might instead use language like, "I report reasonable accomplishment...." While compliance (or reasonable accomplishment) is ultimately the board's decision, this introductory statement helps directors focus attention on the essentials.

Interpretation

The interpretation is where the manager explains, *This is how we think about this policy at an operational level. The metrics we're using make sense because....* An interpretation is not a dictionary definition, or a matter of parsing out the policy word by word; it is the rationale for using particular metrics and benchmarks. An interpretation is likely reasonable if it is based on successful precedent, or commonly accepted practice in our industry, or advice from a reliable expert, or an agreed-upon perspective within the management team – something more substantive than "this is my opinion."

Operational Definitions

The operational definitions are actually a subset of the interpretation; separating them in a monitoring report is just a way to make crystal clear what data will be used to demonstrate compliance with the policy. An operational definition is typically made up of two ingredients: the metric (what we will measure to gauge accomplishment or progress) and the benchmark (the target for each metric that will show whether or not we are in compliance with the policy).

Data

The operational definitions signal which specific data will demonstrate compliance: our actual performance compared to the benchmark. If the benchmark has been met, then the executive/organization is in compliance. Some operational definitions (in particular for Ends policies) may state that progress toward the benchmark indicates compliance or reasonable

accomplishment; in this case, the data should be presented in the form of a chart or table that clearly shows the trend in relation to the benchmark.

It can be helpful and educational to present most data in the form of charts showing the historical trends. This sort of presentation allows all directors, whether novice or veteran, to better understand annual business cycles and/or how the business has changed over time. In general, monitoring reports should not include any other data that is not directly related to the operational definitions.

Explanation and Plan

In cases where the data shows a non-compliant situation, the executive briefly explains in this section *what led to this situation, what we're doing to manage it, and when we expect to return to compliance*. The board should then have sufficient information to decide what, if anything, they need to do.

Related resources:

[GM Report Support](#)

[Monitoring the Manager](#)

[Policy Governance Quick Guide](#)

[Unacceptable Monitoring Reports](#)

Carver, John, and Miriam Mayhew Carver. *Reinventing Your Board: A Step-by-Step Guide to Implementing Policy Governance*, second edition. Jossey-Bass, 2006