



Exceptions Reporting

Briefing Document

1 Introduction

An exceptions based approach to business uses the power of risk and issues management, and is a funnelling of issues up the organisation for action and resolution. This approach is not a management or an administrative layer; rather it is a tool to empower delivery and to assure outcomes. The elements of the framework are:

- Issues Management – Adoption of an issues based approach to managing and reporting back office operations.
- Exceptions Reporting – Application of a reporting process based around exceptions, i.e. report bad news and not good news.
- Governance – A structure for managing issues and exceptions and assuring items are resolved in an expeditious manner.
- Staff Management – A skilling of staff to leverage the benefits of an exceptions based approach to business operations.

2 Issues Management

Issue management is about operational areas tracking issues as they arise, addressing them where possible and escalating them to ensure resolution. Issue management occurs at all levels but it is the bigger items impacting multiple areas of business or significantly impacting service delivery that are important to senior and executive leadership. Therefore, a filtering process is required for issue escalation.

A simple tracking tool is required for reporting issues and items for action and follow up. Whether it is a simple spreadsheet, a database or a more powerful application, the following information is the sort of details that need to be tracked:

- Issue Number - A number for tracking an issue.
- Date Raised – The date an issue was raised.
- Issue Owner – Who in the business owns the issue.
- Business Country – Country of the customer that raised the issue.
- Customer Name – Name of the principal customer impacted.
- Business Area – Name of the impacted business area.
- Business Activity – The business activity that is causing the issue.
- Issue – A description of the issue.
- Business Impact – An assessment of the impact to the business from not addressing the issue: Extreme, High, Medium or Low.
- Resolution Date: Expected date for resolution of the issue.
- Issues Status – The status of the issue: Open, Closed, Re-opened or Deactivated. In line with standard audit practice: once raised, an issue cannot be deleted.
- Name of Raiser – Name of the person who raised the issue.
- Comment – A general comment field for further details.



As items are reported, they are raised and tracked to assure resolution.

As part of weekly or other team and business meetings, the issues will be reported, managed and resolved accordingly. Staff will need to be trained on management to issues and should not be afraid or penalised for reporting issues.

3 Exceptions Reporting

Reporting needs to be simple, pragmatic and deliver benefit to the business. Reporting that is onerous and that is seen as an after thought to regular business activities, will seldom be adopted by the business or be successful and sustainable. The purpose of the reporting is to deliver outcomes for the business. To achieve this, an exceptions based approach is required.

Exceptions reporting is about noting the issues and what is being done to address them. Exceptions reporting focuses on what is “going wrong” and how and when the issues will be sorted, i.e. they tend to convey bad news only. In addition to being effective in reporting issues, exceptions reporting has benefit in driving cultural change, accountability, ownership and changes the “good news only” syndrome that may exist in many large organisations. The following are required for exceptions reporting:

- Governance Body – A pro-active board or committee that the reporting goes to for actioning, follow up and resolution.
- Feedback mechanism – A way for the governance body to provide feed back to the business and accountability to the business.
- Owner – An owner responsible for issues and activities in a given area of business to make sure the reporting and required activities occur.
- Audit Function – A function for auditing issues.

A report should be designed to answer one specific question and this is its purpose and focus. Whilst a report may also address other questions, having one report addressing too many questions leads to confusion and ambiguity.

The reporting should be:

- At set intervals, e.g. weekly as part of business activity, or should special circumstances require.
- Against progress made according to the minimum business benchmarks.
- Independent of a financial year, i.e. issues remain active until resolved.

An example report is shown in Table I, where:

- Business Area – Area of business impacted.
- Issues Identified – Issue that action is required on.
- Action Required – What action is required to progress to resolution.
- Owner – Who owns the issue.
- Resolution Date – Expected date of resolution of the issue.
- Progress – A statement on progress, e.g. Red / Amber / Green. Usually only Reds or Ambers would be reported.



Business Area	Issues Identified	Actions Required	Owner	Resolution Date	Progress
Operations	Customer tracking system not support policy origination outside of Australia	Executive leadership to approve expenditure	GM Operations	Mar-09	R

Table I. Illustration of exceptions report.

Irrespective of the definitions adopted for reporting progress, the definition needs to be detailed in the report. An example is as shown in Table II.

Category	Flag	Definition
Progress	R	No progress and/or major slippage in schedule
	A	Limited progress and/or slippage in schedule
	G	Proceeding to schedule

Table II. List of traffic light definitions for exceptions reporting.

4 Governance

Reporting is only successful if the issues reported are expediently and expeditiously resolved. A structure for managing issues, exceptions and assuring items are resolved is required. This would be at the senior management and executive level and issues management should be part of business as usual.

5 Staff Management

The use of management to outcomes, issues based management and exceptions reporting often represent a cultural change for an area of business operation. To ensure success and adoption the following are required:

- Skilling – A skilling of staff to adopt and use the tools as part of business.
- Pro-active Management – Management expects these activities and will follow up to ensure they are delivered.
- Communication – The benefits, what is required, what it replaces and how it helps people need to be clearly communicated.
- Performance Criteria – The performance criteria of staff and managers are revised accordingly to support the new structures.
- Supportive Culture – Managers are charged with the responsibility to ensure that staff feel comfortable reporting issues and exceptions.

