Commitment Governance

A Determination Framework for Enterprise Reliance on Material Commitments

Daniel Blacklock

April 2026

Executive Summary

THE ENTERPRISE RELIANCE CHALLENGE

Major transformations and other material commitments create reliance long before they create results. The enterprise begins to act as though the future condition will exist. Internally, that reliance shapes priorities, resource allocation, organizational structure, operating assumptions, and risk tradeoffs. Externally, it shapes expectations among regulators, clients, customers, shareholders, and markets about what the enterprise will deliver, remediate, control, improve, or economically achieve.

The governance challenge is that authorization creates reliance before confidence is fully earned. Over time, as complexity increases, dependencies shift, and execution narratives accumulate, leadership confidence can weaken.

WHAT COMMITMENT GOVERNANCE ADDS

Commitment Governance provides an independent, objective capability for evaluating current operating status against the intended outcome. It does this by establishing the Target State as the governed object and defining the criteria, metrics, thresholds, failure conditions, and evidence required to evaluate whether the relied-upon future condition exists in practice. Target State classification is the formal output.

WHERE IT MATTERS

- Boards and board committees
- Executive sponsors and management steering committees
- Transformation, business, operations, technology, risk, controls, and finance leaders
- Internal Audit and assurance functions
- Regulators, clients, customers, shareholders, markets, and other stakeholders relying on the commitment

WHY IT MATTERS

Material decisions require evidence-based determination of operating reality. Interpretation alone is not sufficient.

Commitment Governance closes the gap between execution visibility and justified reliance.

WHAT LEADERS SHOULD DO

- Define the Target State as early as possible
- Refine supporting criteria, evidence, metrics, and assumptions through governed change control before reliance materially deepens
- Assess achievability continuously, not retrospectively
- Separate delivery visibility from Target State determination

Commitment Governance is a determination framework for enterprise reliance. It translates intended future outcomes into governed Target States and classifies Target State status across four dimensions: defined, achievable, achieved, and, if achieved, holding over time under defined rules, metrics, and evidence. In doing so, it gives boards, executives, regulators, and other stakeholders an evidence-based foundation for reliance on the outcomes the enterprise already assumes.

Introduction

When organizations authorize material enterprise commitments[1], they begin to rely on intended outcomes. Capital allocation, risk posture, operating direction, and subsequent decisions begin to align around the assumption that those outcomes will be realized.

Reliance is therefore implicit in authorization. The harder question is whether that reliance remains justified as the intended outcome moves from authorization to execution, achievement, and continued operation.

Enterprise governance evolved around execution oversight, financial stewardship, risk management, and assurance review. Material commitments create a different problem: leadership begins making consequential decisions on the assumption that an intended future operating condition will be established. Yet standard enterprise functions are rarely designed to determine that condition objectively, and no standard governed object exists against which to evaluate it.

Confidence in a material commitment cannot rest on progress reporting alone. Boards, regulators, clients, customers, shareholders, and markets need a governed basis for knowing whether the promised operating condition exists in practice.

> ***Is leadership confident that the intended outcome will be realized?***
> *That question cannot be answered by activity, milestones, or status narratives alone. It requires a governed view of the intended outcome: what the enterprise is relying on and what must be true for it to be realized.*

This paper introduces Commitment Governance as a framework for making that judgment objective and governable. It defines the intended operating condition in a form that can be evaluated directly under defined rules and evidence. Commitment Governance does not replace delivery governance, program governance, risk management, or audit.[2]

Scope of Commitment Governance

Commitment Governance applies to material enterprise commitments whose intended outcomes carry significant reliance implications. These may include major transformations, cross-functional initiatives, remediation programs, and other change efforts affecting capital allocation, risk posture, control environment, regulatory exposure, operating model, or continued oversight.

It can be applied at authorization, during execution, or in remediation, including where commitments are already underway. It does not replace delivery oversight, project reporting,

[1] A material commitment is an authorized enterprise undertaking that causes the organization or its stakeholders to rely on a future operating condition. These may include major transformations, regulatory remediation programs, AI implementations, platform modernizations, control redesigns, operating-model changes, and other initiatives affecting capital allocation, risk posture, regulatory exposure, customer expectations, market commitments, or the P&L.

[2] Commitment Governance is complementary to PMO and delivery governance. PMO structures manage execution, sequencing, dependencies, schedule, resources, and delivery risk. Commitment Governance addresses the separate question of whether the intended operating condition being relied upon is defined, achievable, achieved, and, if achieved, holding over time.

accountability structures, or assurance activity. Its role is narrower: to provide a governed basis for assessing whether the intended outcome is sufficiently defined, remains achievable, has been achieved, and, if achieved, is holding over time. Where those reliance implications are material, management needs a mandate capable of classifying Target State status under defined rules and evidence.

The Mandate

Where enterprise reliance is material, governing bodies need a formally recognized mandate capable of classifying Target State status under defined rules and evidence.

Commitment Governance may be established as a designated authority, capability, or mandate within an existing governance structure. It does not need to be a new office. Its purpose is to give boards and executives a governed, evidence-based foundation for relying on material enterprise commitments.

Commitment Governance should be independent of delivery ownership and program sponsorship. That independence does not mean separation from management governance; it means responsibility for classifying Target State status is distinct from responsibility for designing, funding, executing, or representing the commitment.

Management remains responsible for execution, remediation, and production of evidence. Assurance functions may assess governance process integrity, evidence quality, and management representations. Commitment Governance provides the governed classification that oversight bodies need to continue, narrow, reset, reauthorize, stand down, or retire the commitment.

The mandate should authorize the capability to define evaluation criteria, require relevant evidence, evaluate Target State status, issue classifications, disclose material limitations, and escalate matters affecting justified enterprise reliance.

The Missing Determination Layer

As material commitments move into execution, intended outcomes are translated across plans, architecture choices, funding lines, local delivery structures, and reporting artifacts. Senior oversight therefore receives an assembled picture drawn from many different sources, each governed, maintained, and interpreted within its own execution context.

That fragmentation alone makes outcome judgment difficult. The challenge intensifies further as conditions shift during execution. Assumptions change, local adaptations emerge, and the surrounding operating environment continues to change.

Organizations may have substantial visibility into work performed while the intended enterprise outcome remains only partially specified, differently understood across the execution environment, and progressively harder to evaluate directly.

After discovery, planning, and initial design, the commitment is translated into workstreams, milestones, deliverables, funding requests, and execution structures. These plans may be thorough, but they are distributed across functions that interpret the commitment through their own lens. Over time, the plans can begin to operate as a proxy for the enterprise Target State, even though a plan describes the work to be performed rather than the future condition the enterprise is relying on.

> *This is where confidence begins to weaken. Leaders may see activity, milestones, and reporting discipline, yet still lack an independent basis for knowing whether current operating status supports confidence in the intended outcome.*

Enterprise reporting provides useful visibility into progress, activity, and emerging issues. But outcome status is still assembled from fragmented inputs rather than determined directly against a governed object.

Fragmentation also weakens accountability. Requirements, funding, technology build, data quality, adoption, controls, business readiness, and dependency resolution may each sit with different owners. Commitment Governance ties those conditions back to the Target State and identifies the accountable owner for the evidence or condition on which Target State status depends.

The Reconciliation Problem

In many material commitments, oversight bodies must reconcile three different things:

1. The commitment statement: the intended outcome the enterprise authorized.
2. The execution plans: the workstreams, milestones, funding requests, and structures created to pursue that outcome.
3. The delivery evidence: the artifacts, updates, metrics, and deliverables showing that execution is moving.

Without a governed Target State connecting those elements, boards, executives, regulators, and Internal Audit are left to interpret whether the work being performed is actually capable of producing the future condition the enterprise is relying on.

That reconciliation becomes especially consequential when delivery teams, assurance functions, and regulators interpret the intended outcome differently. Each may be acting reasonably from its own vantage point, yet the enterprise still lacks an independently governed standard defining what must be true for the future condition to exist.

Target State as the Governed Object

For material enterprise commitments, boards and senior oversight bodies should expect management to establish an independent, objective capability for evaluating current operating status against the intended outcome. That capability requires a governed object against which outcome status can be evaluated directly. In Commitment Governance, that object is the Target State.

It provides the basis for evaluating whether the intended operating condition is defined, achievable, achieved, and, if achieved, holding over time.

A material commitment must be translated into a governed Target State that supports objective evaluation. It must define the intended operating condition with enough precision to support direct evaluation and must capture only those conditions and evidentiary requirements that materially bear on whether the intended condition exists in practice. The rigor lies in identifying what is consequential to Target State status and excluding what is not.

> *The Target State defines what must be true and what evidence proves it. Commitment Governance is the determination framework; Target State classification is the formal output of that framework.*

The issue is not simply subjective versus objective judgment. It is the difference between interpretive oversight and determination against a governed object under defined rules and evidence.

Without a governed Target State, outcome status remains interpretive. With one, leadership gains a clear view of current status, supporting evidence, and the conditions that could change the classification. Confidence then has a practical basis: the defined Target State, the applicable rules, and the evidence supporting the current determination.

The Target State should define the observable operating conditions, quantitative and qualitative metrics, thresholds, failure conditions, and evidence requirements necessary to evaluate whether the intended future condition exists in practice.

EXHIBIT 1

Interpretive Oversight vs. Objective Determination

Core Determination Artifacts

Commitment Governance relies on four core artifacts:

- The authorized Commitment
- The defined Target State
- Any conditions, criteria, or thresholds used in evaluation
- The evidence set used for evaluation

Together, these artifacts support formal determinations and create an auditable system of record preserving Target State status, supporting evidence, formal determinations, and the history of changes affecting enterprise reliance. Target State status is reported with the evidence, limitations, and conditions supporting the classification. Each formal output should therefore include the material conditions, evidence, supporting signals, contradictory signals, and observed drift on which the current classification rests, so that oversight bodies can inspect the basis for reliance directly.

A Target State classification is an executive-level output, not an aggregation shortcut. Where classification depends on multiple conditions, partial satisfaction, failure, or evidentiary limitation must be disclosed condition-by-condition so oversight bodies can inspect the basis for the classification rather than rely on the verdict alone.

Target State Classifications

Each classification evaluates the Target State across four dimensions based on the evidence available at the time of review. The fourth dimension is conditional: Holding / Not Holding is evaluated only after the Target State has been achieved.

Commitment Governance enables oversight bodies to act on the Target State classification. The resulting status enables boards, executives, and governing authorities to decide whether continued commitment remains justified, corrective action is required, oversight can be reduced, program closure is appropriate, or the commitment requires formal modification, supersession, or retirement. It also gives leadership a clear basis for reliance by tying governance decisions to classification status and supporting evidence.

EXHIBIT 2

From Project Status to Governed Target State Classification

Target State Classifications	Governing Question	Governance Response
Defined / Undefined	Is the Target State specified with enough clarity to support objective evaluation?	Proceed to evaluation / Require definition before further reliance
Achievable / Not Achievable	Do current internal and external conditions continue to support establishment of the Target State in practice?	Continue / Narrow, reset, reauthorize, or stand down
Achieved / Not Achieved	Is the Target State observable in operating reality and supported by evidence?	Consider transition and holding review / Withhold closure and remediate

Holding / Not Holding	If achieved, is the Target State holding over time?	Maintain or reduce oversight / Reassess, stabilize, modify, supersede, or retire the commitment

Each classification has corresponding governance implications. A Target State that is undefined requires further definition before objective review can proceed. A Target State that is not achievable may require narrowing, reset, reauthorization, or stand-down. A Target State that is not achieved requires continued execution or remediation. A Target State that was achieved but is not holding over time requires renewed governance attention before reliance can safely continue or oversight can stand down. Holding / Not Holding is therefore evaluated only after achievement has been established.

Achievability depends not only on execution progress, but on the continued validity of the internal and external conditions on which the intended outcome relies, including material market, regulatory, dependency, and business-model assumptions.

In practice, Commitment Governance may issue classifications on a regular governance cadence and at defined trigger points, including material design changes, funding decisions, scope changes, control failures, major dependency shifts, or claims of achievement. When governing bodies stand down from oversight, they should do so on the same evidentiary basis used to classify Target State status.

After achievement, continued review provides transparency into whether the achieved state is holding and whether any material condition or evidence drift is emerging. Oversight bodies set the observation period and governance basis required before oversight can stand down on the basis that the Target State is holding.

Holding over time is the practical durability question. Conventional sustainability testing may confirm that a process, control, or deliverable continues to operate for a defined observation period. Holding over time asks whether the achieved Target State continues to support the enterprise reliance placed on it, including intended benefits, operating assumptions, risk conditions, and external expectations.

For example, a remediation program may be classified as achieved after required controls are implemented and operating evidence is produced. If those controls later depend on manual workarounds, temporary staffing, unresolved data-quality exceptions, or repeated management intervention to remain effective, the Target State may no longer be holding. The issue is not whether the program once achieved closure, but whether the operating condition continues to support the reliance placed on it.

The Four Core Questions

Once the Target State is established as the object of governance, enterprise oversight centers on four questions. Boards and executives already ask them, yet in many organizations no existing function is designed to answer them directly against a governed object with defined criteria, an evidence model, and the independence required for formal classification. The answers inform whether leadership should continue to rely on the commitment as authorized, require corrective action, or stand down from oversight.

1. **What is the intended Target State?**
2. **Is the Target State still achievable?**

3. **Has the Target State been achieved?**
4. **If achieved, is the Target State holding over time?**

PMOs, Transformation Offices, Architecture, Risk, Finance, and Assurance functions each contribute important inputs to these questions. Commitment Governance provides the structured governance cycle required to answer them directly.

EXHIBIT 3

The Commitment Governance Determination Cycle

The cycle establishes a governed process through which Target State status is continuously evaluated and maintained. Enterprise decisions, resource allocation, and oversight posture can then be grounded in that status.

Execution Reporting Provides Signals; Target State Classification Establishes Status

Execution reporting operates at the level of work. Dashboards, KPIs, financial variance reports, and risk indicators provide valuable signals for executive oversight, but they do not establish whether the Target State exists in practice.

> *Until organizations can answer the core questions, they are managing momentum rather than outcome reality.*

In that environment, leadership depends on the interpretation of signals, the credibility of presenters, and repeated executive challenge. Commitment Governance anchors judgment in the classified status of the Target State and its disclosed evidentiary basis.

Commitment Governance focuses attention on what is consequential to Target State status and leaves all other execution detail to execution management. Resource constraints, schedule variance, milestone traffic, dependency status, routine reporting, and generic RAID items remain within execution management unless they materially affect Target State status.

Even where execution reporting is strong, commitments remain distributed across multiple programs and operating domains, requiring oversight to infer outcome status from an aggregation of valid but partial views. Commitment Governance reduces that burden by establishing a governed basis for evaluating current operating status against the intended outcome, using the Target State as the reference point.

Execution reporting may continue for management and oversight purposes, but it no longer serves as the primary basis for judging whether the intended outcome exists in practice.

From Commitment Statement to Target State

The following comparison shows the structural difference between a typical authorization statement and a defined Target State capable of objective determination:

> *“Implement an industry-standard supply chain planning platform to modernize inventory management and improve resilience across the distribution network.”*

A governed Target State defines the future operating condition in observable terms:

> *“All inventory forecasting, replenishment, and supplier allocation decisions are executed exclusively through a centralized planning platform that serves as the single system of record across distribution centers, replaces local spreadsheet-based planning, applies standardized allocation logic across regions, and eliminates legacy forecasting tools.”*

This formulation defines the operating condition in terms that support direct evaluation and objective determination.

Objective status also requires clear failure conditions. If any in-scope forecasting, replenishment, or supplier allocation decision continues through local spreadsheets, offline tools, or legacy forecasting systems, the Target State has not been achieved. Where the commitment includes defined service, cost, or resiliency thresholds that form part of the classification basis, those requirements must also be satisfied before the Target State can be classified as achieved.

EXHIBIT 4

Illustrative Determination Example

Material Commitment	The enterprise authorizes a supply chain modernization program intended to centralize inventory forecasting, replenishment, and supplier allocation across the distribution network in support of resilience, consistency, and operating efficiency.
Defined Target State	*All inventory forecasting, replenishment, and supplier allocation decisions are executed exclusively through a centralized planning platform serving as the single system of record across distribution centers, with local spreadsheet-based planning and legacy forecasting tools eliminated.*
Evidence	• Platform activity and production configuration records across in-scope distribution centers • Legacy tool, spreadsheet, and exception-handling usage records • Supplier allocation decision logs and records evidencing application of standardized allocation logic • Management attestations and supporting service, cost, or resiliency reports
Target State Classifications	• Defined; Achievable; Not Achieved; Holding - Not Yet Applicable
Enterprise Decision	• Leadership withholds closure and escalates remaining deviations for remediation

Here, the Target State is defined and remains achievable, but it has not been achieved. Because achievement has not been established, Holding / Not Holding is not yet evaluated. Two distribution centers continue to execute replenishment through local spreadsheets, one region continues to use legacy supplier allocation logic for exception handling, and a legacy forecasting tool remains active for monthly planning. These conditions disprove achievement of the Target State as defined and illustrate why ongoing review is required.

Governance Implications

Material commitments are rarely one-time events. They often create years of operating expense, control obligations, and performance expectations. Where those commitments carry continuing P&L consequences, fiduciary reliance, or external stakeholder expectations, leadership needs more than interpretive assessment. It needs an independent, objective capability for evaluating current operating status against the intended outcome. A governed Target State provides the reference point for that evaluation.

A governed Target State gives the enterprise a common reference point for commitments pursued through fragmented plans, drifting requirements, and uneven execution. It anchors supporting plans and execution domains to the intended operating condition and increases the likelihood that execution converges on the outcome the enterprise intends to establish.

By tying material dependencies back to the Target State, Commitment Governance also clarifies where accountability for evidence, conditions, and remediation sits when execution is distributed across multiple functions.

As material commitments carry greater performance and risk consequences, boards, executives, and assurance functions need an independent, objective basis for answering whether the outcome has actually been achieved and whether oversight can safely stand down. Delivery evidence alone cannot resolve those questions.

As conditions change during execution, Commitment Governance maintains the basis for Target State classifications, incorporating conditions material to achievability and outcome realization.

Commitment Governance occupies the determination layer for material commitments. The following distinctions clarify its relationship to adjacent functions.

EXHIBIT 5

How Commitment Governance Relates to Adjacent Governance Functions

Function	Primary role in relation to material commitments
Boards / Board Committees	Oversee strategic, fiduciary, risk, and reliance implications of material commitments
Management Steering Bodies	Authorize, challenge, fund, prioritize, and direct management responses to Target State classifications
Executive Sponsors / Business Owners	Own the commitment, management response, resources, remediation decisions, and production of evidence
PMO / Transformation Office	Manage execution, sequencing, dependencies, resources, delivery risk, and reporting
Architecture / Operating Model	Define intended future structures, process designs, system states, data flows, and operating assumptions
Risk, Controls, and Finance	Define, monitor, and challenge exposures, controls, thresholds, financial assumptions, value logic, and economic performance
Internal Audit / Assurance	Independently assess governance process integrity, evidence quality, and management representations
Commitment Governance Capability	Provides the determination framework, criteria, evidence model, and formal Target State classifications used by governing bodies

Practical Application

IMPLEMENTATION BASELINE FOR COMMITMENT GOVERNANCE

> *Commitment Governance should be considered when a commitment creates material reliance, crosses multiple functions, affects regulatory or market expectations, requires board or steering-body oversight, or depends on evidence distributed across teams.*

Leaders can use the following minimum setup to determine whether a material commitment is ready for Commitment Governance review.

Stage	Element	Minimum setup requirement
Set the object	**Authorized commitment**	Identify the approved undertaking and the future condition being relied upon
	Defined Target State	State the intended operating condition in observable terms
Set the basis	**Classification criteria**	Define the rules for classifying Target State status
	Evidence model	Specify the artifacts, metrics, attestations, records, and observations required
	Failure conditions	Identify facts that disprove achievement or undermine achievability
Set the governance rhythm	**Classification cadence**	Set review cycles and trigger events for updated classification
	Governance response	Define the accountable forum, escalation paths, and actions when classification changes or evidence is incomplete.

This setup can mature through governed change control as the Target State, evidence model, classification criteria, and cadence become more precise.

How to use this baseline:

Use these seven elements as a setup checklist for a material commitment. Apply the checklist first to define the Target State and evidence model, then use it during each review cycle to confirm whether classification remains supported, evidence is incomplete, or governance action is required.

Conclusion

Material enterprise commitments create sustained reliance, operating consequences, and continuing expense. The cost of weak determination is familiar: commitments continue for years, consume capital and management attention, are renamed, rescoped, and still fail to establish the operating condition originally relied upon.

Where those commitments affect capital allocation, risk posture, oversight decisions, regulatory posture, or the P&L, justified reliance requires more than interpretive confidence. It requires an independent, objective basis for evaluating current operating status against the intended outcome. Commitment Governance provides that basis by using the Target State to classify whether the intended outcome is defined, achievable, achieved, and, if achieved, holding over time.

The framework is intentionally practical. It applies selectively to material commitments, strengthens existing governance bodies, and produces formal classifications without displacing management authority. Decision-makers remain responsible for action, but they act with a governed classification of commitment status before them. A board does not need to operate that capability. Its role is to require management to establish governance capable of producing objective answers to the four questions on which justified reliance depends.

> *Reliance without determination is assumption; confidence without evidence is exposure. Commitment Governance closes that gap by making the basis for enterprise reliance explicit, evidence-based, and governable.*