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Board Approval

ESSENTIAL SNAPSHOT

May 2026

Illustrative governance reference only - not a legal instrument or formal policy document.

Purpose

Board approval is the moment where authority, judgement, and accountability become formal. It is recorded, attributable, and capable of being examined later.

When approval is treated as a meeting step rather than a governance act, boards lose clarity over what was decided, why it was approved, the Board's accountability for the decision, and management's accountability for implementation, reporting, and follow-up.

A disciplined approval process should make clear:

- when a matter requires board approval rather than executive authorisation
- how that question is tested - against significance, delegated authority, risk appetite, and reserved matters
- what information directors need before approving
- how dissent, conditions, and rationale are recorded
- how approved decisions are monitored after approval

This snapshot helps Chairs, CEOs, Directors, and Company Secretaries identify where approval discipline may be weaker than their documents suggest.

Why this matters now

In March 2026, the Federal Court delivered judgment in ASIC v Bekier, a major Australian directors' duties case involving The Star Entertainment Group. ASIC's case against the non-executive directors was dismissed. The case against the Chief Executive Officer and the General Counsel/Company Secretary succeeded.

Three points matter for board approval:

- Senior executives may be exposed where serious risks within their responsibilities are not acted on or brought to the Board.
- The outcome preserves the distinction between management responsibility and Board oversight. Management must surface material operational issues. Directors must apply an enquiring mind to the information presented to them.
- Contemporaneous board papers and minutes help establish what information reached the Board, how directors responded, and what was decided.

The May 2025 AICD and Governance Institute Joint Statement takes the same practical approach. Minutes should record the key points of discussion, decisions, reasons where appropriate, and agreed actions. They form part of the board record alongside the papers and supporting material considered.

Before you scroll on....

⚠️ If your board does not use a Board Approval Framework, a practical question is: Could your current approval records explain what was approved, by whom, on what basis, and against which authority?

Where approval discipline breaks down

Approval discipline weakens through repeated habits that look harmless at the time.

1.0 Unclear thresholds 🚧

When the definition of "significant" is vague, escalation becomes inconsistent and personality-dependent.

👉 Executives escalate based on judgement, politics, or caution.
👉 Director expectations clash. Board members assume they will see certain matters - others do not.

⚠️ The result? Executives face “damned if you do, damned if you don’t” decisions about what to bring to the Board.

2.0 Papers ask for approval too late

👉 By the time the paper reaches the board, management has already committed time, money, reputation, or stakeholder expectation.

⚠️ The result? The board is approving a position it cannot meaningfully change.

3.0 Paper quality issues ❌

👉 The recommendation is clear. The alternatives, assumptions, downside cases, dissenting views, and implementation risks are thin.

⚠️ The result? Directors approve what they can see rather than what they should be testing.

4.0 Minutes don’t record the judgement

👉 The resolution is captured. The reasoning, conditions, dissent, abstentions, and accountability trail are not.

⚠️ The result? The record does not show what the board weighed.

The paper, discussion, resolution, conditions, and follow-up form a connected approval record. Weakness across several points makes the decision harder to explain later.

Common tension points in Board approvals

Every tension point below is a governance signal. Boards with disciplined approval practice use these moments to reinforce accountability, escalation, and the integrity of the record.

🔍 These are the most common tension points that we see, even in otherwise high-functioning Boards

Tension point	Questions to ask (but rarely are)
Approval vs. endorsement confusion	🔍 When a paper is labelled “for approval”, does every director understand the accountability they are taking on by voting yes?
Risk appetite missing from the approval decision	🔍 Is risk appetite used when approval decisions are made, or does each director apply their own comfort level?
Board moves into operational detail	🔍 Is the board approving a strategic decision, or correcting management’s execution plan in the meeting?
"Rubber stamp" approvals	🔍 Has the organisation already committed to the decision before the board is being asked to approve it?
Challenge before the vote	🔍 When someone is uneasy, does it surface before the vote?

⚠️ If these questions feel familiar, approval discipline should be reviewed before the next major decision cycle.

Which next step fits your board?

Situation	Best next step
We want to see whether our approval process has gaps	Complete the Board Approval Assessment
No formal Board Approval Framework, or one that is informal	Start with the Foundation Edition
A framework that exists but does not shape papers, minutes, escalation, or dissent	Move to the Governance Edition
For organisations operating under the highest levels of accountability	Discuss Institutional design and implementation

Trigger moments

Approval ambiguity becomes commercially expensive at predictable points. Boards usually act around one of the following:

- CEO, Chair, or Company Secretary transition
- Audit finding, regulator letter, or external review
- Preparation for sale, merger, IPO, or PE investment
- Investor, funder, or insurer questions about governance maturity
- Board-management conflict, whistleblower matter, or contested decision
- Founder succession or board reset following ownership change

If any of these are visible on your horizon, approval discipline should be formalised before the trigger controls the timetable.

Our frameworks are:
👉 Board-ready: Informed by ASX Principles, ISO 37000, and contemporary governance practice
👉 Behavioural governance: Designed to handle the dynamics of Board approvals
👉 Clear: Giving Directors and Executives clarity on roles and approval expectations.
👉 Practical: supports decision-making

Why this gets postponed

Boards can recognise the gap, and still delay closing it.

❌ "We already have an approval process"
📌 The test is whether it is used in decisions: agenda labels, board papers, escalation, minutes, dissent, conditions, and follow-up. A rarely referenced document creates comfort without discipline.

❌ "This will add more governance work"
📌 The current cost - disputed accountability, repeated debates, escalation creep, papers reworked between meetings - is paid every cycle. Approval discipline should make ordinary board work faster.

❌ "We already have a Charter and Delegations of Authority"
📌 Charters and Delegations define authority limits. They rarely shape the moment of approval — how the paper frames the decision, how the board tests it against significance and risk appetite, how dissent and conditions are captured, and how accountability is recorded afterwards.

❌ "This may expose disagreement"
📌 It may. Approval ambiguity often protects informal power, legacy habits, and unresolved tension between Chair, CEO, or board and management. A neutral framework lets the board address the issue through structure rather than personality.

Application across contexts

The Foundation and Governance Editions are informed by Australian governance reference points (Corporations Act 2001, ASX Corporate Governance Principles, AICD guidance, ISO 37000). Each board must determine the approval process most fit-for-purpose for their organisation's size, complexity, and context.

Boards that choose to operate outside these standards are encouraged to do so consciously, supported by clear documentation and a risk assessment that considers the potential implications for role clarity, accountability, and organisational performance.

Recognised governance practice provides a reference point. Departing from it should be deliberate, documented, and risk-assessed for its effect on role clarity and decision quality.

The Foundation and Governance Editions are adaptable to a wide range of organisational contexts including private companies, listed companies, not-for-profits and government entities.

NorthSeat works with Boards and executive teams across private, listed, NFP and government sectors to improve governance maturity and leadership alignment.

About This Essential Snapshot

This Essential Snapshot is provided by NorthSeat as a free governance resource for board leaders.

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This Essential Snapshot is a starting point. For structured frameworks or board-ready policies, contact us:

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