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Delegation of Authority

ESSENTIAL SNAPSHOT

May 2026

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

Purpose

Delegation of Authority is the system that tells a Board, CEO and executive team who can decide, who must approve, who must be informed, and what must escalate.

When that system is absent, stale, or ignored, authority starts being negotiated decision by decision. Directors ask for operational detail to gain comfort. CEOs escalate matters that sit within their authority. Executives wait for permission where they should act, or act where escalation is required.

A disciplined Delegation of Authority should make clear:

- which matters are reserved for Board approval
- which authority is delegated to the CEO
- which financial, contractual, people, risk, reputation and emergency matters require escalation
- how decisions are recorded and reported
- how the Board maintains oversight without moving into execution

This snapshot helps Chairs, CEOs, Directors, Company Secretaries and senior executives identify where delegation may be weaker than current documents suggest.

Why this matters now

In March 2026, the Federal Court delivered judgment in ASIC v Bekier, involving The Star Entertainment Group.

ASIC's case against seven former non-executive directors was dismissed. The Court found Star's former Chief Executive Officer and Managing Director, and former Chief Legal & Risk Officer, breached their duties under section 180 of the Corporations Act 2001.

For delegation governance, the practical points are:

- executives carry clear obligations to escalate material matters to the Board
- officers holding multiple roles cannot compartmentalise duties across them - applying Shafron v ASIC, the Court held that once a person is an officer, the statutory duty applies to all responsibilities held within the corporation
- non-executive directors may rely on management, but the contemporaneous board record is what shows whether that reliance was reasonable
- board papers and reporting must enable oversight without requiring the Board to reconstruct management decisions after the event
- the record should show how authority, escalation, risk and decision ownership were handled

A Delegation of Authority cannot carry statutory duties for directors or officers. It can give the organisation a clearer authority system and a better record of how decisions moved through that system.

Before you scroll on....

Could your Chair, CEO, CFO and Company Secretary each give the same answer to these questions?

- Who can approve this decision?
- What moves it to the Board?
- What must be recorded?
- What happens when the matter is urgent, sensitive, or outside risk appetite?

Where the answer depends on personal judgement, past habit, or who attends the meeting, delegation discipline should be reviewed.

Where delegation discipline breaks down

It usually starts in ordinary board habits. The document exists, and authority still moves through custom, caution, or personal influence.

1.0 Reserved matters are unclear 🚧

👉 Matters come to the Board because people assume they might be significant.

⚠️ The result? Board time is spent on borderline decisions while material issues depend on judgement calls.

2.0 Escalation depends on personalities

👉 A matter reaches the Board because of Chair expectations, director interest, or executive caution.

⚠️ The result? Authority turns into negotiation, and the record may fail to show why escalation occurred.

3.0 CEO authority becomes conditional

👉 The CEO has delegated authority, then seeks Board comfort before acting.

⚠️ The result? Decision speed slows and accountability becomes harder to locate.

4.0 Directors move into execution detail ❌

👉 Directors ask “why don’t we…” or “I think we should…” about operational steps.

⚠️ The result? CEO authority is diluted and management starts reading director preference as instruction.

⚠️ **The DoA, board papers, CEO reporting and minutes need to tell the same authority story. Weakness across these points makes later explanation harder.**

Common tension points in delegation

Every tension point below is a governance signal. Boards with disciplined delegation practice use these moments to reset decision ownership before habits become precedent.

🔍 These are common tension points we see in Board–Executive dynamics.

Tension point	Questions boards rarely ask
Protective escalation	🔍 Are some decisions escalated because Board involvement feels safer?
Director freelancing	🔍 Do executives ever read a director's view as instruction?
People and remuneration boundaries	🔍 When people or pay decisions get sensitive, does the Board step into management's role?
Board reporting overload	🔍 Can a director read the CEO's report and see how authority was used?

⚠️ **Where these questions feel familiar, delegation 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 delegation governance has gaps	Complete the Delegation of Authority Assessment
No formal Delegation of Authority, or one that is informal	Start with the Foundation Edition
A DoA exists but does not shape decisions, papers, escalation, reporting or minutes	Move to the Governance Edition
For organisations operating under the highest levels of accountability	Discuss Institutional design and implementation

Trigger moments

Delegation ambiguity becomes visible at predictable points. Boards usually act around one of the following:

- CEO, Chair, CFO, Company Secretary, or Board transition
- audit finding, insurer question, lender question, funder review, or regulator contact
- M&A, PE investment, refinancing, sale, merger, or restructure
- Board-management conflict, founder transition, or committee drift
- major contract, capital project, spend breach, or procurement issue
- incident, near-miss, whistleblower matter, or reputational issue
- growth, new entity, new location, or system change

Where any of these are visible, delegation should be formalised before the next decision exposes the gap.

Our frameworks are:

👉 **Board-ready**: Informed by ASX Principles, ISO 37000, and governance best practice

👉 **Decision-useful:** built around who decides, who approves, who is informed and what escalates

👉**Behaviourally informed:** addresses director overreach, protective escalation, founder influence, committee creep and Chair–CEO tension

👉**Practical**: supports board papers, reporting, escalation and accountability records

Why this gets postponed

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

❌ “We already have a DoA policy.”
📌 The test is use. Is it referenced in board papers, CEO reports, committee work, financial approvals, emergency decisions and escalation records? A stored document creates little discipline.

❌ “This will add more governance work.”
📌 Unclear authority already creates work: reworked papers, repeated approval debates, executive waiting time, director side questions, and meeting time spent on matters that belong elsewhere.

❌ “We'll review it after strategy, audit, or budget.”
📌 Decisions are being made now. Delay allows old precedents to keep shaping authority before the Board has confirmed the rules.

❌ “The Chair and CEO can work this out.”
📌 That may work while trust is high. Governance records need to survive role change, conflict, audit questions and transaction review.

❌ “This may expose disagreement.”
📌 It may. Delegation ambiguity often protects informal authority, founder habits, director preferences and executive caution. A neutral framework moves the conversation into structure.

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 delegation settings 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.

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📧 liam@northseat.com.au | 🌐 www.northseat.com.au

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