



GOVERNANCE VS MANAGEMENT

Delegations of Authority: Writing Them So They Hold Up Under Pressure

The document that determines whether your CEO's signature is worth anything

A delegations of authority document is the piece of paper that actually determines whether a chief executive can sign a contract, approve an expense, or commit the organisation to a decision without ringing the chair first. Most associations have one. Fewer have one that would hold up the day a signature is challenged, a payment is disputed, or a board wants to know exactly who approved what.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Legal Machinery Underneath The Document

If your association is a company limited by guarantee, section 127 of the Corporations Act 2001 (Cth) sets out how it formally executes a document, generally by two directors signing, or a director and company secretary. If it is an incorporated association, execution is governed by your state or territory Act and your constitution, so check those rules before relying on this section. For a company, section 127 alone does not cover a chief executive signing a contract. Section 126 fills that gap: an individual acting with the company's express or implied authority can validly execute documents on the organisation's behalf. A delegation of authority document is, in practical terms, the instrument that actually creates that express authority for your chief executive and other senior staff. Without it, or with one too vague to rely on, the board cannot readily show who authorised what, disputes become harder to resolve and the board loses a clear basis for holding staff to account, even though outsiders may still be able to rely on the statutory assumptions about authority in sections 128 and 129.

The Principle The AICD States Most Clearly

The AICD's guidance on this point is worth quoting closely, because it resolves a tension several earlier articles in this series have circled: the board may delegate some of its authority, but it cannot delegate its responsibility. This is precisely the section 190 point from the inner board article earlier in this quarter, restated as a design principle rather than a liability warning. Certain matters are considered good practice to reserve for the board regardless of how much operational authority is otherwise delegated: appointing, overseeing and evaluating the chief executive's performance, and reviewing and approving financial reports, among others. A delegations document that hands these away, even informally, even because a

capable executive makes it tempting to do so, is delegating exactly the responsibility the board cannot legally shed.

A delegation that is not recorded and regularly reviewed is not really a delegation. It is an informal habit wearing a governance document's clothes.

Building A Delegation That Actually Holds Under Pressure

A useful delegations of authority document does several things that a vague one-page summary does not. It sets specific financial thresholds by role, what the chief executive can approve alone, what requires a second signatory, what requires the finance committee, and what requires full board approval, rather than a single blanket figure that either constrains routine operations pointlessly or leaves significant decisions under-scrutinised. It separates financial delegation from other categories of authority entirely, contracts, employment decisions, property matters, and strategic commitments each carry different risk profiles and deserve their own thresholds rather than being folded into a single figure. And it names specific roles rather than specific individuals, so the document survives a staff change without needing to be rewritten.

- Set tiered financial thresholds by role and transaction type, not a single figure covering every kind of decision.
- Explicitly exclude the matters the AICD's own guidance identifies as properly reserved for the board, chief executive appointment and evaluation, and financial report approval chief among them.
- Require any delegate approving expenditure to be someone other than the person who initiated it, a basic segregation of duties that closes off the most common avenue for undetected error or misuse.
- Record delegated authority in a single current register, not scattered across historical board minutes, so anyone can quickly confirm who is authorised to do what today.
- State whether a delegate may sub-delegate, how urgent matters above a limit are handled (for example, chair and treasurer approval reported to the next board meeting), and the date of the board resolution that adopted the current version.
- Set a fixed review cycle, connecting directly to the constitutional review discipline from the Foundations quarter of this series, so delegated authority does not quietly become outdated as the organisation's scale and risk profile change.

Reporting Back Is What Makes Delegation Governance Rather Than Abdication

None of the drafting discipline above means anything without reporting back to the board on how delegated authority is being used, precisely the guardrail against the inner board problem discussed earlier in this quarter. A delegations document that specifies thresholds but never requires the board to see what has been approved under them is solving only half the problem. For a company, section 190 makes directors responsible for how a delegate exercises delegated power unless they reasonably believed, in good faith and after proper inquiry, that the delegate was reliable and competent. Ongoing reporting and oversight, not just a well-drafted document sitting in a policy folder, are what allow the board to show that belief was reasonable. Incorporated associations and registered charities should check their own Act and the ACNC Governance Standards, but the practical point is the same: the board stays responsible for supervising what it delegates.

A well-built delegations of authority document does something more valuable than protecting the organisation from a worst-case dispute. It frees the board to trust the operational decisions made within it, precisely because everyone knows exactly where the boundary sits and what happens when it is approached.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

Annie Gibbins

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BOARDROOM ACTION WORKSHEET

Delegations of Authority: Writing Them So They Hold Up Under Pressure

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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