

R. McCONNELL GROUP PLLC

A BOARD GUIDE

# Delegation of Authority

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How decision rights flow from the board to the front line—with the right controls

What a delegation is, the principles behind it, the approval matrix, who can bind the company, and the controls that keep it honest.

# Why Delegation of Authority Matters

A delegation framework sends every decision to the right level—with the right controls.

## **Control and accountability.**

Authority is assigned to a specific person to decide, with appropriate controls—and that person is accountable for it.

## **Speed without losing the reins.**

Routine decisions move quickly at the front line; only the largest commitments rise to the board.

## **Segregation of duties.**

Separating who approves, who commits, and who pays is the backbone of fraud prevention.

## **Protection from unauthorized risk.**

Acting beyond your limit is outside the scope of employment—and can expose the company to legal and commercial liability.

## **THE IDEA**

Authority begins with the board and flows down—but accountability never leaves with it.

# What a Delegation of Authority Is

A delegation assigns a decision to a named role—and sets the limit that comes with it.

## THE DEFINITION

A delegation of authority assigns responsibility to a specific person to make a decision, with appropriate controls, that benefits the company.

## SIGNING AUTHORITY

The ability to commit the company to substantive obligations—contracts, leases, equipment, and services—within a defined limit.

## AUTHORITY CASCADES DOWN:

### Board of Directors

Retains the largest commitments and reserved matters



### Executives

Bind the company and approve within officer limits



### Managers

Decide routine matters within delegated limits

# The Rules That Govern Delegation

Eight principles keep delegated authority disciplined and defensible.

## Final approval by the designated party

Only the role assigned final approval may give it—nobody else.

## Approve only within your limit

A junior role cannot approve a transaction that exceeds its authority.

## No splitting to evade a limit

Related transactions are treated as one; you may not divide a deal to stay under a threshold.

## Aggregate value sets the level

A series of related obligations requires the authority for their combined value.

## Document every approval

Approvals must be evidenced and retained—initialed contracts, approval forms, or memoranda.

## Pay only after approval and proof

Funds are disbursed only once the obligation is approved and shown to be due.

## Written, temporary delegation only

Stand-in authority must be in writing, time-limited, and only one level down.

## Law and charter prevail

A delegation never authorizes what the law or the company's governing documents reserve.

# How the Approval Matrix Works

Three axes decide every approval: the type of transaction, its value, and the role.

## TRANSACTION TYPE

Capital, operating, contracts, treasury, HR, M&A—each has its own track.

## DOLLAR THRESHOLD

Limits rise with value; the bigger the commitment, the higher it must go.

## ROLE / LEVEL

Each role holds a ceiling and a defined “next approver” above it.

## ESCALATION — EACH ROLE ROLLS UP TO THE NEXT:



*Above the CEO's ceiling, the matter goes to the board. Matters touching brand, reputation, or strategy escalate regardless of the dollar amount.*

## An Illustrative Threshold Matrix

A simplified matrix shows how limits rise with the size of the commitment.

Transaction type	Manager / Director	VP / Officer	CEO	Board
Operating expenditure	≤ \$100K	≤ \$5M	≤ \$25M	> \$25M
Capital expenditure	≤ \$250K	≤ \$5M	≤ \$25M (in budget)	> \$25M / non-budget
Contracts (aggregate value)	≤ \$250K	≤ \$5M	≤ \$25M	> \$25M
Borrowings / new debt	—	≤ \$25M (CFO + GC)	—	> \$25M
Acquisitions & divestitures	—	—	Recommend	Approve
Litigation settlements	—	≤ \$5M (with Legal)	≤ \$25M	> \$25M

**Illustrative thresholds only.** Each company sets its own limits. Related transactions are aggregated, and no transaction may be split to stay under a limit.

# Who Can Commit the Company

Binding the company is reserved to a few roles—and the riskiest acts take two of them.

## ONLY OFFICERS BIND THE COMPANY

As a rule, only the most senior officers—chief executive, operating, financial, and legal—may commit the company to a contractual obligation.

## LEGAL REVIEWS EVERY CONTRACT

Contracts are reviewed and approved by the legal department, kept in writing, and filed with documented approvals.

## THE HIGHEST-RISK ACTS REQUIRE TWO SIGNATURES:

**Liens & guarantees.** CFO + General Counsel

**Hedging & derivatives.** CFO + Chief Accounting Officer

**New credit facilities.** CFO + General Counsel

**Settlements & powers of attorney.** Legal + the approving officer

# The Transactions a Matrix Covers

A complete matrix routes every kind of commitment to the right approver.

## Capital expenditure

In budget to a limit; over the ceiling or unbudgeted to the board.

## Operating & G&A

Approved by the next approver within each role's limit.

## Procurement & contracts

Legal reviews all; level set by aggregate value; officers bind.

## Treasury & banking

Borrowings, accounts, liens, guarantees—CFO with legal.

## HR & compensation

Offers, severance, and senior pay escalate to top officers.

## Litigation & settlements

Legal required; dollar tiers rise to the CEO and board.

## M&A, JVs & divestitures

Recommended by officers; approved by the board above thresholds.

## Real estate

Purchases and leases reviewed by legal, with environmental review.

## Donations & related-party

Political and related-party deals need senior and legal sign-off.

# Two Ways to Structure It

One framework fits a single company; the other fits a multi-entity or international group.

## MODEL A — BY ROLE & THRESHOLD

A single matrix of dollar limits by officer role, with a board ceiling.

- Clean and fast for one company
- Each role has a limit and a “next approver”
- Escalates by value to the CEO, then the board

## MODEL B — BY ORGANIZATION LEVEL

Authority layered across the enterprise, with a responsibility overlay.

- Market → Region → Center → Corporate → Board
- A RACI overlay assigns every decision
- Shareholder or board veto rights on key matters

# Who Decides, Who Weighs In

A responsibility overlay names a role for every decision—so accountability is never ambiguous.

## RESPONSIBLE

“The doer”—the person who actually completes the task. Responsibility can be shared.

## ACCOUNTABLE

“The buck stops here”—the single person answerable, with yes/no approval and veto power.

## CONSULT

“In the loop”—subject-matter experts whose input is required before a decision.

## INFORM

“Keep in the picture”—those told after a decision is made; one-way communication.

*Usually only one role is “Accountable” for a given decision—that is where the veto, and the responsibility, sits.*

# How Delegation Works

Granting, standing in, interpreting, and refreshing the matrix all follow set rules.

## Grant & document

Delegations are evidenced in writing and the approval records are retained.

## Temporary stand-in

When an approver is away, authority passes in writing, time-limited, one level down.

## Interpret & amend

Interpretations are issued by Legal and Finance; the matrix is amended by the CEO and CFO.

## Refresh the matrix

The approval matrix is reviewed and updated periodically as roles and limits change.

## Implement down the chain

Each unit puts local approvals, powers of attorney, and controls in place.

## Re-set on role change

Authority follows the role, not the person—limits reset when people move.

# Keeping Delegation Honest

The controls around the matrix are what make it an anti-fraud system, not just a chart.

## No splitting or structuring

Related transactions are aggregated; dividing a deal to dodge a limit is prohibited.

## Segregation of duties

Approval, commitment, and disbursement are kept in separate hands.

## Documentation & audit trail

Every approval is evidenced, retained, and available for audit.

## Internal-control linkage

The matrix supports internal control over financial reporting and officer certifications.

## Consequences for exceeding

Acting beyond authority is outside employment and can lead to discipline or termination.

## Escalation & exceptions

Recurring exceptions are documented; brand and reputation matters escalate regardless of value.

# Questions the Board Should Ask

A few questions reveal whether delegated authority is actually under control.

1

**Does every material commitment have one clear, authorized approver?**

Authority should map to a named role with a defined limit and a next approver.

2

**Can someone split a deal to stay under a limit—and would we catch it?**

Aggregation rules and monitoring are the test of an anti-circumvention control.

3

**Are approval, commitment, and payment in separate hands?**

Segregation of duties is the anti-fraud backbone of the matrix.

4

**Is the matrix current, documented, and actually followed?**

A delegation framework is only as good as its upkeep and its audit trail.

# Firm Lawyers

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## Matthew Boyden

is a trial lawyer and former federal prosecutor with more than thirty-five years of experience. He represents companies and executives in high-stakes criminal, civil, regulatory, and governance matters, and is regularly engaged where litigation risk, regulatory scrutiny, and institutional exposure intersect. His practice includes federal criminal defense, complex civil litigation, internal investigations, and board-level advisory work, including securities, sanctions and trade controls, anti-corruption, and anti-money laundering.

## Larry Finder

is a trial lawyer and former United States Attorney with more than four decades of experience handling complex criminal, civil, and regulatory matters of national significance. He represents individuals, corporations, and boards confronting serious legal, institutional, and reputational risk. He served in increasingly senior roles at the U.S. Department of Justice, including Chief of the Criminal Division and First Assistant U.S. Attorney, before being appointed United States Attorney for the Southern District of Texas in 1993.

## Ryan McConnell

is a former federal prosecutor and trial lawyer who represents companies, boards, and executives in high-stakes criminal, civil, and governance matters. He has tried nearly twenty federal jury trials and conducted hundreds of investigations involving complex fraud, cross-border enforcement, and sensitive regulatory issues. His practice focuses on federal criminal defense, complex civil litigation, internal investigations, and advising boards and senior executives on matters requiring judgment under pressure.