



icsa
The Institute of Chartered
Secretaries & Administrators



Minute taking practice

a comparative study

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About the ICSA

The Institute of Chartered Secretaries and Administrators (ICSA) is the premier global qualifying organisation for professionals aspiring to become a Chartered Secretary and or a Chartered Governance Professional. With over 125 years of history, we assist company secretaries, governance advisers, non-executive directors and others in the development of their skills, knowledge and experience. The Institute is an international organisation with divisional offices in nine countries and 29,000 members living and working in over 80 countries. Most importantly, it brings its influence to bear on international trade bodies, governments, regulators, NGO's and companies to represent the views and current thinking of those involved in governance.

Foreword

I am delighted that the current Chair of the Thought Leadership Committee (TLC) of The Institute of Chartered Secretaries and Administrators (ICSA), How Yee Loh FCIS (How Yee), has asked me to bring to you the report of the TLC on *Minute taking practice – a comparative study* which was written up during the time I was Chair of TLC. The report was not released earlier in order to focus on more time-sensitive thought leadership papers which were released in July and August 2018.

The nine divisions of ICSA – Australia, Canada, Hong Kong/China, Malaysia, New Zealand, Singapore, Southern Africa, UKRIAT (the United Kingdom, Republic of Ireland & Associated Territories) and Zimbabwe – comprise a network of some 30,000 members. The mandate of the TLC is, as its name suggests, to provide thought leadership on governance issues common to, and with the support of, the divisions for better understanding and promotion of applied governance practices.

I would like to express my gratitude to Peter Swabey, Policy & Research Director of the UKRIAT Division, for putting together the initial research on minute taking and analysing the combined survey results of the seven participating divisions, as well as for writing up this report. I would also like to extend my gratitude to the other TLC members for their work in surveying members in their respective divisions and/or confirming the applicability of this report to their division's practice; to Judith Fox, former National Director, Policy and Publishing of the Governance Institute of Australia, the Australian Division; and to Samantha Suen, Chief Executive of The Hong Kong Institute of Chartered Secretaries (HKICS), and Mohan Datwani, Senior Director and Head of Technical & Research, HKICS, both of the Hong Kong/China Division; for their kind assistance. I am of course also grateful to How Yee for his leadership of the TLC going forward.

The TLC is on the lookout for other governance topics that would provide ICSA with an edge as 'the' governance institute. To the extent that you have any topics you believe to be relevant, please bring these to the attention of your respective division for consideration by the TLC.

Yours sincerely



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Background and introduction

In 2015/16, ICSA's UKRIAT Division undertook a consultation on the practice of minute taking as part of its preparation for producing a guidance report on the subject.

Taking minutes of meetings is administrative good practice. It creates a record of what has been agreed, and by whom, and of what is to be done, by when and by whom. For such a pivotal aspect of the administration of business of all kinds, it is surprising there was relatively little formal guidance on how minute taking might most effectively be done and, moreover, on changes in practice that have developed over time.

Traditionally, company board meetings are the internal decision-making forum of the company and the proper purpose of minutes is as a long-term internal record of those meetings for the benefit of the board, rather than for any third party. Increasingly, however, minutes are being seen to fulfil additional functions.

When UKRIAT Division announced it would be looking at this issue and asked for volunteers to help, approximately 100 governance professionals from a variety of sectors indicated their willingness to assist. In view of this interest and the pace of development in company secretarial and governance practice, UKRIAT Division decided to seek input from company secretaries whose day-to-day work involves minute taking. This ensured when the survey report was published in September 2016 (initial survey), the guidance on good practice reflected the reality of modern market practice.

With the establishment of the ICSA Thought Leadership Committee, it was agreed that because minute taking is such a fundamental aspect of members' work, it would be useful and interesting to conduct a comparative analysis of practice in other ICSA divisions to identify to what degree these align with and – perhaps more interestingly – differ from practice set out in the initial UKRIAT Division's survey report.

Other ICSA divisions, namely Australia, Canada, Hong Kong/China, New Zealand, Southern Africa and Zimbabwe, then conducted their own surveys developed from the initial survey results. The Malaysia and Singapore divisions did not conduct separate surveys since they agreed with the initial survey conclusions. While it is for each individual division that concluded a survey to decide whether to report their divisional survey results to members within their own division, the findings allowed for this comparative report to be produced.

An observation as to the divisional surveys is that the governing laws and regulations are not the same for every division. As such, not all divisions asked the same questions. A degree of differentiation also emerged due to the different questions divisions posed to their members and, in some cases, the different format of answers. For example, in some divisions respondents were asked to tick as many answers as were relevant, while in others, respondents only ticked one response to the same question, which makes comparative analysis of the numerical data more difficult. However, some useful and interesting indicative themes could be determined.

Summary of comparative findings

Perhaps the most remarkable finding is that there was a very high degree of correlation between responses across all divisions. Although there were some differences, these were generally of nuances, rather than being fundamental or significant in nature as to a number of respects.

What do you believe to be the principal function of meeting minutes?

In the initial survey, almost all responses could be summarised as ‘to record key points of discussion, record decisions and the reasons for decisions, and record agreed actions’ (or equivalent wording). Words like ‘accurate’, ‘impartial’ and ‘balanced’ appeared in a number of responses. Many responses also included ‘to demonstrate challenge’. This latter point was particularly interesting as it indicated the degree to which minutes are now being prepared for external as well as internal consumption, as well as accentuating this aspect of the board’s role.

Australian responses concurred with the above description, while Southern Africa focused on accuracy. Other divisions asked respondents to identify the relative importance of these terms.

	Australia	Canada	Hong Kong/ China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Accurate	✓	74	144	68	24	90	✓
Balanced	✓	16	71	41	0	27	✓
Impartial	✓	3	66	36	0	37	✓

✓ = Confirmed as applicable

Two main messages can be taken from this analysis. First, all divisions agree accuracy is important, perhaps pre-eminently so, and second, no other purpose appeared to rival these three objectives.

In the initial survey, there were a number of key points to delineate the function of minutes. Again, some divisions sought to examine the relative importance of these functions.

	Australia	Canada	Hong Kong/ China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Evidence risks and impact are considered by directors	✓	93	122	93	19	80	✓
Proof directors have fulfilled statutory duty	✓	93	141	97	4	76	✓
Provide assurance a regulator needs	✓	72	130	85	17	52	✓

Responsibility for the production of minutes

In the initial survey, the company secretary was found to be responsible to the chairman for the preparation and retention of minutes. The chairman and the other members of the board are then responsible for confirming their accuracy. An item of business at the succeeding board meeting usually being to approve the minutes of the last meeting.

However, market practice varies between divisions and, although some also adopt this model, in others – for example, New Zealand – a high proportion of finance professionals are responsible for minute taking.

The qualities of a good minute taker

In the initial survey, it was identified that a number of skills required of a good minute taker. A number of divisions sought to prioritise these.

	Australia	Canada	Hong Kong/ China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Record decisions taken / action points / follow up	✓	100	157	98	✓	97	✓
Summarise argument accurately	✓	54	135	88	✓	78	✓
Ability to listen to multiple voices	✓	57	84	65	✓	31	✓
Have confidence to ask for clarification	✓	86	93	85	✓	78	✓
Ability to capture both arguments and tone	✓	39	87	53	✓	22	✓

Preparation

In the initial survey, a number of respondents recommended the practice of having 'pre-meetings' with the chairman to discuss and agree how issues should be dealt with during the meeting. Practice in other divisions varied quite widely.

Pre-meeting with chairman	Australia	Canada	Hong Kong/China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
About procedure	✓	66	68	14	✓	93	✓
About support during the meeting	✓	72	63	13	✓	77	✓

Note: There were a significant number of non-respondents from New Zealand, indicating pre-meetings may not be the practice.

Drafting minutes

In the initial survey, the majority of responses agreed minutes should begin by recording the date, time and venue where the meeting was held, as well as how it was held (that is, in person, by telephone, etc). Minutes should record those directors and other attendees present, and whether any were not present for the whole meeting, together with apologies from directors and any others unable to attend. The list of directors present should demonstrate there was a quorum. The required number of directors for a quorum will be set out in the organisation's constitution.

A variety of other preliminary matters was suggested. Both the Australian and Southern African surveys looked at this question in some detail and, with some minor variations, were broadly in agreement with the initial survey results.

Style of writing

Historically, the convention has been:

- Minutes should be written in reported speech (that is, the past tense) and in the conditional mood for future actions (that is, would and should, rather than will and shall); and
- The board has collective responsibility for its decisions and therefore the naming of individuals should be avoided wherever possible, although this is not the rule in some specific sectors.

The survey responses largely supported this approach, although in some divisions there is considerable use of an 'in-house' style which may or may not involve reported speech.

Minutes should be written	Australia	Canada	Hong Kong/China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
In reported speech	68	59	97	45	21	72	88
Using an in-house style	–	31	66	39	4	19	–
Verbatim	4	0	3	4	0	9	4

It does seem clear verbatim minutes are rarely used across all divisions.

In a similar vein, a number of divisions asked respondents whether there is a 'right way' to record minutes.

	Australia	Canada	Hong Kong/China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Yes	✓	74	91	32	✓	74	✓
No	✓	26	92	68	✓	26	✓

At first sight, there might seem to be significant divergence here, but generally those who said 'no' indicated that this was because the context is important and so there is no one-size-fits-all solution. Those who responded 'yes' seemed to be arguing that the issue is what is right for the organisation. In Southern Africa, the common view is when writing minutes, it is important to remember that a formal permanent record is being created, which will form part of the 'corporate memory'.

The initial survey concluded that, in short, the purpose of minutes – and consequently their style, content and structure – will vary, certainly across sectors but also between companies. In our guidance, we made the point that 'This variance is not a bad thing, indeed we believe it to be a very good one. In fact, variations from common practice should be made, where appropriate, on the basis of an informed decision.'

The initial survey also concluded minutes should be clear, concise and unambiguous. Some divisions sought to break down the relative importance of these features.

	Australia	Canada	Hong Kong/ China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Clear	✓	97	139	93	16	64	✓
Concise	✓	86	138	89	6	75	✓
Unambiguous	✓	90	113	89	0	83	✓

One very helpful contribution was from the Canadian respondent who added 'complete' to this list.

Naming names

One of the more challenging areas in the initial survey was about whether individual comments should be attributed or not. We found some divergence of practice in this area, notably between sectors, with some companies being obliged to demonstrate their directors were providing an effective challenge, but the overwhelming majority of respondents resisted individual attribution. Similarly, divisional surveys also revealed some differences in practice in relation to this issue as with the initial survey results.

	Australia	Canada	Hong Kong/ China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Individual contributions attributed	*	31	57	36	19	17	13**

* In Australia, a majority only recorded individual dissent at the request of a director, while almost all respondents reported all board decisions are reached by consensus.

** In the UK, almost all respondents reported all board decisions are reached by consensus.

Attribution of individual contributions is significantly more common in Canada and New Zealand than in other divisions. It would be interesting to understand whether that is the result of regulatory requirements or local conventions.

Content of minutes

Divisions asked a number of questions about the content of minutes, some of which were revealing.

	Australia*	Canada	Hong Kong/ China	New Zealand	Southern Africa**	Zimbabwe	UKRIAT
Decisions made	89	100	160	98	13	-	
Actions and deadlines	82	90	158	93	25	-	79
Key points of discussion	89	89	150	87	5	-	
Delegated authorities		83	133	80	3	-	
Reasons for decisions		66	116	57	23	-	
Papers presented for noting recorded	86*	79	150	86	25	23	80

* In Australia, a majority include papers by reference, rather than producing copies for the meeting.

** In Southern Africa, the minutes should give context to the discussion and decisions taken, which also serves as a refresher for future meetings.

Level of detail in minutes

In the initial survey, a principle was established that minutes should document the reasons for a decision and should include sufficient background information for future reference. This could also serve for a future board member reading the minutes as part of their induction, to understand why the board took the decision it did. 71% of respondents agreed with this position, albeit with differences over the level of detail needed; 13% of responses did not agree; and a further 11% neither agreed nor disagreed but had views on the level of detail required.

In their own surveys, some divisions sought to explore this issue in more detail.

The level of detail will depend on	Australia*	Canada	Hong Kong/ China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
The needs of the organisation	✓	76	126	81	✓	79	-
The working practices of the company secretary and/or chairman	✓	76	130	64	✓	77	-
Regulatory expectations	✓	76	114	69	✓	-	61

* Australia noted the majority consider regulatory oversight when drafting.

Retention of the company secretary's notes of the meeting

This was an area we found particularly interesting in the initial survey research. Responses we received ranged from destroying notes as soon as they have been written up (that is, before board approval) to retaining them forever 'as a record of my career'.

The questions posed by divisions revealed there is little consistency worldwide.

Company secretary's notes are	Australia*	Canada	Hong Kong/China	New Zealand	Southern Africa**	Zimbabwe	UKRIAT***
Retained (%)	10	38	62	44	17	21	33
Destroyed (%)	62	62	63	50	7	13	67

* In Australia, the 10% who reported that they retain their notes said they did so 'indefinitely'.

** In Southern Africa, the survey revealed notes were retained until the next meeting and thereafter, as a backup in case of dispute over the records.

*** In UKRIAT, in the 33% of cases where notes were retained, a number of respondents indicated they are destroyed after a period ranging from three months to ten years.

In the UKRIAT Division, the most common practice (59% of respondents) is for company secretaries to keep their written notes of board meetings until the final version of the minutes are formally approved at a subsequent board meeting and they have adopted this as their good practice recommendation. There is nothing 'wrong' with keeping notes longer than this, but respondents stated they think it important this is by decision rather than by default – any such notes may be discoverable or disclosable in the context of any future litigation. As one respondent said: *'I have never given very much thought to this area, and so have tended to keep old meeting notebooks indefinitely, or at least until I change job. I may well review my practice as a result of this question.'*

Recording board meetings

More recently, some company secretaries have begun recording board meetings to clarify the nuances of a debate over controversial discussions and to provide a continuous record of discussions when a company secretary is required to participate in a board meeting and/or leave the room during the meeting.

This was another area where practice varied across divisions (although responses were unclear in some cases).

Do you record board meetings?	Australia	Canada	Hong Kong/China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Yes	21	28	128	27	19	26	11
No	69	-	-	-	10	-	65

If yes, are those recordings	Australia	Canada	Hong Kong/China	New Zealand	Southern Africa	Zimbabwe	UKRIAT
Retained	-	14	79	10	9	19	-
Destroyed	-	14	49	17	10	7	-

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