



CHARTERED
SECRETARIES
特許秘書

Minuting Board Meetings

Survey on Best Practices and Practical Suggestions

June 2017



Acknowledgement

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies as well as the development of the profession of Chartered Secretary in Hong Kong and throughout Mainland China. HKICS was established in 1949 as an association of Hong Kong members of the Institute of Chartered Secretaries and Administrators (ICSA) of London. It became a branch of ICSA in 1990 before gaining local status in 1994. HKICS is a founder member of Corporate Secretaries International Association (CSIA) which was established in March 2010 in Geneva, Switzerland to give a global voice to corporate secretaries and governance professionals. HKICS has over 5,800 members and 3,200 students.

Edith Shih FCIS FCS(PE) (Past President, HKICS and Senior Vice President, and Chairman of the Thought Leadership Committee, ICSA) sought as the first project of ICSA's Thought Leadership Committee to collaborate with HKICS and other ICSA divisions to develop a comparative analysis of global best practices in minute taking following an earlier ICSA research into the topic, and to identify practical suggestions for the minute taker.

The present HKICS survey was led by April Chan FCIS FCS (Past President and Chairman of the Technical Consultation Panel, HKICS), and designed and written by Mohan Datwani FCIS FCS(PE) (Senior Director and Head of Technical & Research, HKICS) with input from the Technical Consultation Panel and Samantha Suen FCIS FCS(PE) (Chief Executive, HKICS).

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Introduction

Board minutes serve as contemporaneous records of the discussions that took place during the board meeting. Properly kept board minutes evince the consensus and in certain cases, differences in views amongst the board members attending the meeting. With these critical elements, the board minutes serve as evidence of the proceedings that took place during a meeting, and in case of disputes or regulatory actions, board minutes would be admissible as evidence in a court or at a regulatory tribunal as to corporate actions taken and general direction of the board as to any particular issues under deliberation. As such, board minutes should be properly made up¹ and kept within the books and records² of the company.

From a wider perspective, the board minutes also detail the board's implementation of corporate strategy as part of good governance. There are very few board minutes taken in verbatim form as the board acts collectively instead of being a collection of individual board members requiring individual attribution. These mean that there would be a degree of latitude with the minute taker in making up minutes to select, organise, and to discuss the essence of the board meeting and decisions taken at the board meeting. While it could appear that preparing proper board minutes would be easy, the reality is that it could be a difficult and involved task for the minute taker.

Given the importance of minute taking, the Institute of Chartered Secretaries and Administrators (ICSA) conducted a research into the practice of minuting meetings, and issued an earlier guidance note on the topic. ICSA's Thought Leadership Committee then sought to collaborate with HKICS and other ICSA divisions to develop a comparative analysis of global best practices in minute taking. Accordingly, HKICS had during 7-28 April 2017 surveyed its members who are Chartered Secretaries as to 'the practice of minuting board meetings'³ based on the summary of key points under the ICSA's guidance note on 'minute taking'. The survey saw 190 responses and gratitude is expressed to all respondents to the survey.

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1 Section 482 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) states that minutes recorded if purporting to be signed by the chairperson of the meeting or by the chairperson of the next directors' meeting, are evidence of the proceedings at the meeting. Section 482 further states that if minutes have been recorded of the proceedings at a meeting of directors, then, until the contrary is proved the meeting is to be regarded as having been duly held and convened; all proceedings at the meeting are to be regarded as having duly taken place; and all appointments at the meeting are to be regarded as valid.

2 Section 481 of the Companies Ordinance states that a company must cause minutes of all proceedings at meetings of its directors to be recorded, and keep the records for at least 10 years.

3 The focus on board meetings is that this area has relatively few regulations and more left to the practices of the company. The thoughts would be relevant for committees and shareholders meetings, with necessary modifications.

Executive summary

Consistency with ICSA key points

The survey allowed respondents to add views and observations to the questions based on [ICSA key points](#) used to design the survey. However, in the main, the respondents did not do so. This meant that there was significant consistency as to the issues relating to minute taking between UK and Hong Kong under the ICSA key points.

The survey findings

In summary, the survey, based on the [ICSA key points](#) found that:

- **Persons involved.** In Hong Kong, the company secretary followed by the certified public accountant and the legal professional were involved in minute taking, with the company secretary being directly involved in writing up minutes.
- **Good minute taker.** The major quality of a good minute taker is the ability to record and follow up decisions made; to summarise arguments accurately; to listen to multiple voices; capture arguments and tone; and to have the confidence to ask for clarification during the meeting. The good minute taker should take minutes in reported speech (that is, in past tense), unless the organisation's style guide dictates otherwise.
- **Purposes of minutes.** Minutes serve a multitude of purposes (including those set out in [the Introduction](#) and should be accurate, balanced and impartial as internal record of business transacted. It is possible for the minutes to cover specialised purposes like directors having fulfilled statutory duties, shareholder/stakeholders risks assessment and to provide regulatory assurances. The minute taker should understand the purposes of the minutes to be effective.
- **Tailoring minutes.** There was a split down the middle amongst the respondents as to whether there was a right way or not to draft minutes. Those subscribing to the more tailored view in preparing minutes found there being no one-size fits all with the need to understand organisation style, context and chairman/board preference when preparing minutes. These were again consistent with the ICSA key points as with most of the survey results.
- **Details required.** The level of details required of minutes affected by matters like the working practices of the chairman/board/company secretary; the needs of the organisation; the regulatory requirements; along with the operational sector of the organisation. In any event, minutes should cover decisions made; agreed actions; key points of discussion; and where required reasons for decisions. The coverage should be clear, concise and free of ambiguity.

Lack of communication

The survey found that in Hong Kong only around a third of the respondents approached the chairman before the meeting to discuss relevant procedural issues, and the support that the chairman would require at the meeting prior to the meeting. This appeared to be an issue as the company secretary is supposed to facilitate communication between the chairman and the board.

Inconsistency with recordings and documents retention

The respondents' responses also showed that there was no consistency as to whether notes taken during the meeting and/or recordings were destroyed after preparation of the minutes. If the minutes are supposed to capture the essence of the discussions at the meeting, serious thoughts should be given by the minute taker to discard recordings and internal notes relating to the proceedings of the meeting after the minutes are prepared and signed by the chairman of the meeting.

Practical suggestions

The following are some practical suggestions that the minute taker should consider:

- **Communication with chairman.** Where warranted, the minute taker should prior to the meeting, communicate with the chairman as to whether there are any procedural issues and/or support that the chairman requires. Also, there should be discussion as to whether there are any special purposes for the minutes like for tracking strategy and the allocation of roles and responsibilities, etc. The minutes should be prepared by the minute taker taking the matters discussed into consideration, if any.
- **Develop in-house style guide.** The minute taker should seek to develop an in-house style guide which could cover matters like the requirement to use of reported speech style (that is, past tense style); the required level of details of the minutes; the need for the minutes to contain key points of discussions, decisions made, agreed actions, record of delegated authority, with reasons for the decision made, where necessary; along with the compliance requirements in terms of directors' fulfilment of statutory duties, consideration of shareholder/stakeholder risks along with other required regulatory assurances expected under the minutes.

Delivering value to the organisation

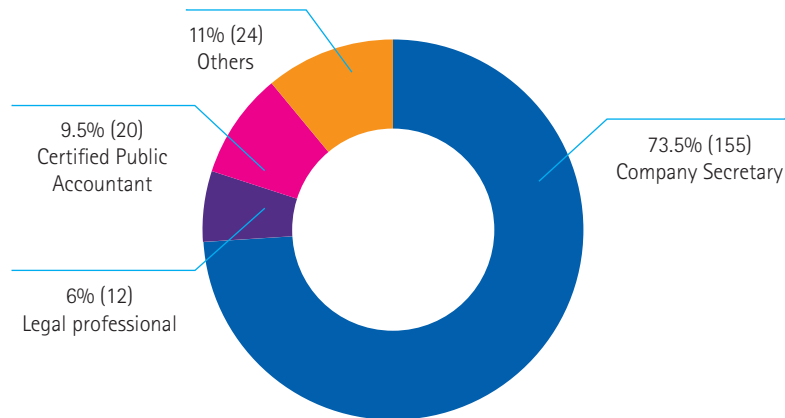
It is hoped that the ICSA key points, confirmed by the survey to represent best practices as to minute taking, along with the practical suggestions herein would assist the minute taker to systemise and create further value for an organisation in relation to the critically important task of minute taking. The suggested communication with the chairman would also bring to the forefront the value of minute taking to the organisation, and hopefully would turn an underappreciated task to one that is seen to be of value to an organisation, as it should be.

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The survey questions

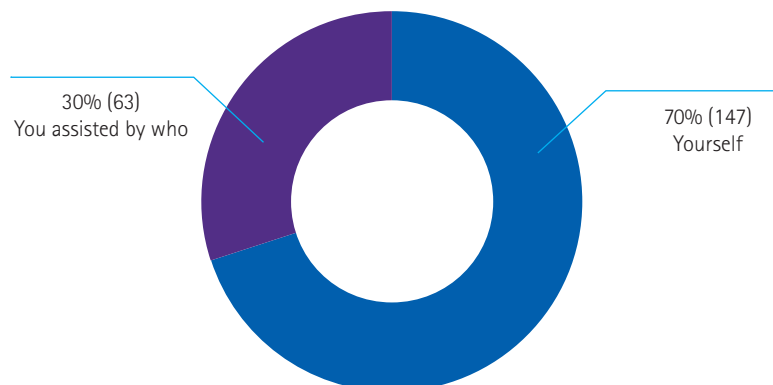
1. Please tell us if you are? You can click more than one answer.

In general, the make-up of the 190 respondents (with 211 clicks as more than one role could be selected) were company secretaries 155 (73.5% clicks); certified public accountants 20 (9.5% clicks); and legal professionals 12 (6% clicks).



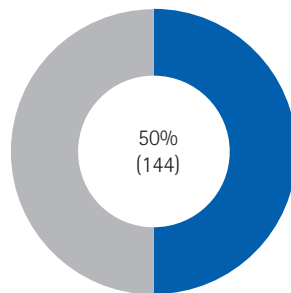
In general, the make-up of the 190 respondents (with 211 clicks as more than one role could be selected) were company secretaries 155 (73.5% clicks); certified public accountants 20 (9.5% clicks); and legal professionals 12 (6% clicks).

2. Who prepares board minutes? You can click more than one answer.

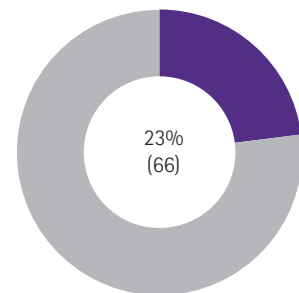


The respondents comprised mainly company secretaries. The respondents were further asked who prepared board minutes and the respondents themselves 147 (70% clicks) or with some assistance 63 (30% clicks) prepared board minutes. The respondents were therefore a relevant sample with their involvement in preparing board minutes.

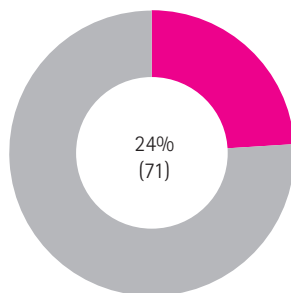
3. What are the main purposes of your minutes at a meeting? You can click more than one answer.



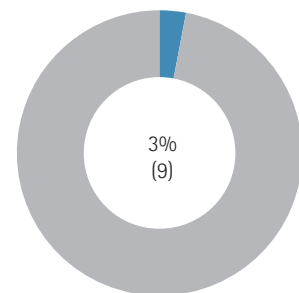
To provide an accurate internal record of the business transacted



To provide an impartial internal record of the business transacted



To provide a balanced internal record of the business transacted

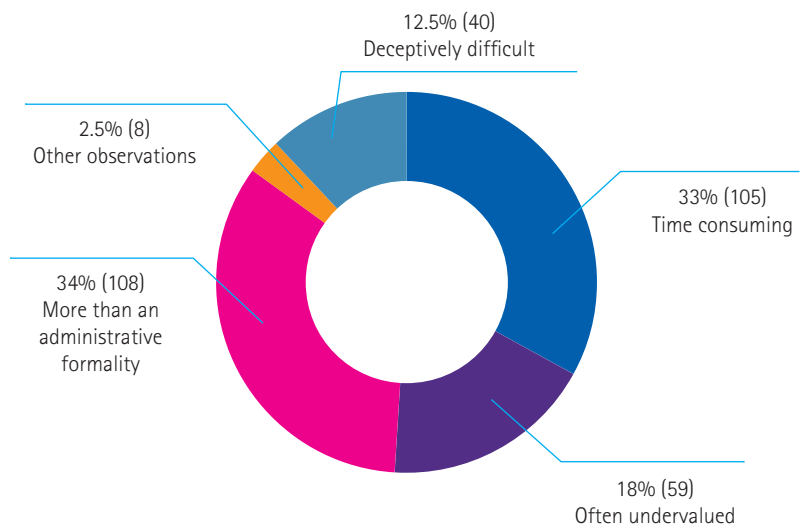


Others

When asked as to what were the main purposes of the minutes at a meeting, the 190 respondents generated some 290 clicks (1.5 clicks each). The main purpose of the minutes was to serve as an accurate internal record of business transacted 144 (50% clicks). Further, in line with the ICSA key points, the other purposes should be for the minutes to serve as balanced 71 (24% clicks) and impartial 66 (23% clicks) record of the business transacted.

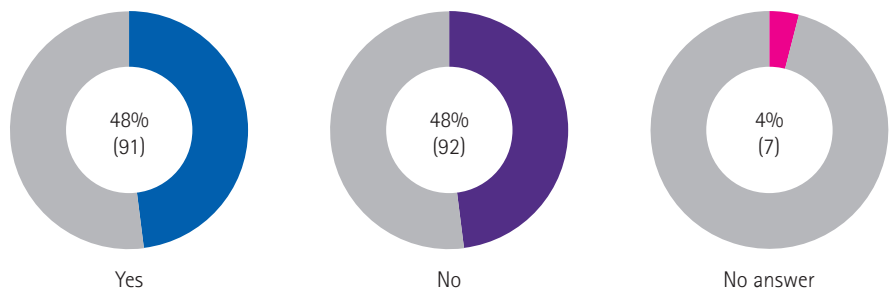
The test question of whether there are other purposes for the minutes, aside from being accurate, balanced and impartial internal record of the business transacted did not identify any significant responses meaning the main purposes were consistent with the ICSA key points and did not require supplemental analysis from the Hong Kong perspective. This applied to all questions asking for other views and observations, indicating consistency in general with the ICSA key points.

4. What is good minuting? You can click more than one answer.



As to good minuting, in line with the ICSA key points, the 190 respondents generated a multitude responses (320 clicks) to cite that minute taking was more than an administrative formality 108 (34% clicks); time consuming 105 (33% clicks); often undervalued 59 (18% clicks); and deceptively difficult 40 (12.5% clicks).

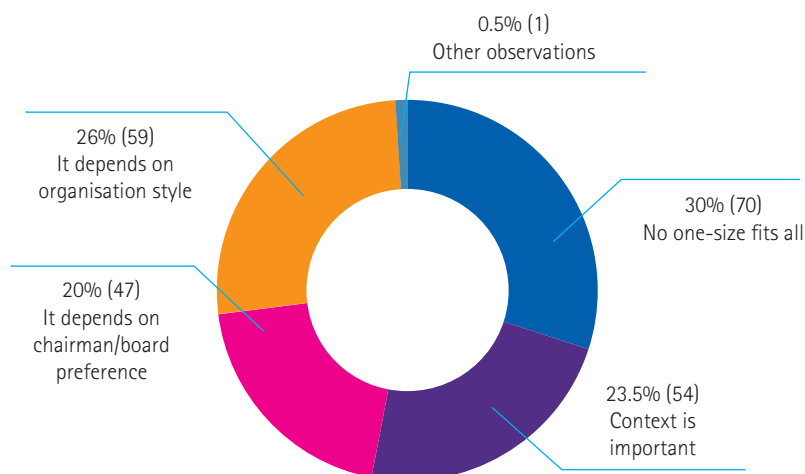
5. Is there a right way to draft minutes? Please select one answer.



An interesting result of the survey was that with the 190 respondents, there was a split down the middle 91 and 92 (or 48% each) that there was or was not a right way to draft minutes. Where there is an issue to half of the professional respondents surveyed, for the lay person, there could be more of an issue in drafting minutes.

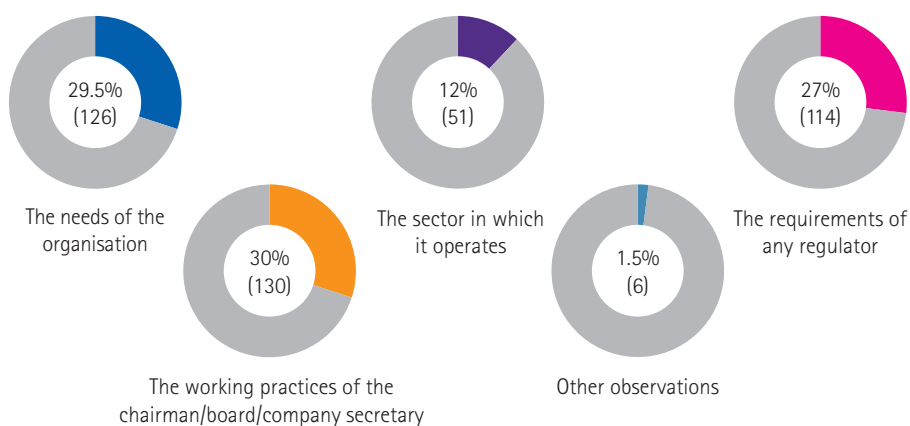
5.1. If your answer is No in Q5, the reasons is/are? You can click more than one answer.

There was no 'one size fits all' for minute taking 70 (30% clicks); the organisation's expected style for minute taking 59 (26% clicks); the context of the minutes 54 (23.5% clicks); and the chairman/board preference for the board minutes 47 (20% clicks).



For those that responded that there was no right way to draft minutes, the reasons they cited were that there was no 'one size fits all' for minute taking 70 (30% clicks); the organisation's expected style for minute taking 59 (26% clicks); the context of the minutes 54 (23.5% clicks); and the chairman/board preference for the board minutes 47 (20% clicks).

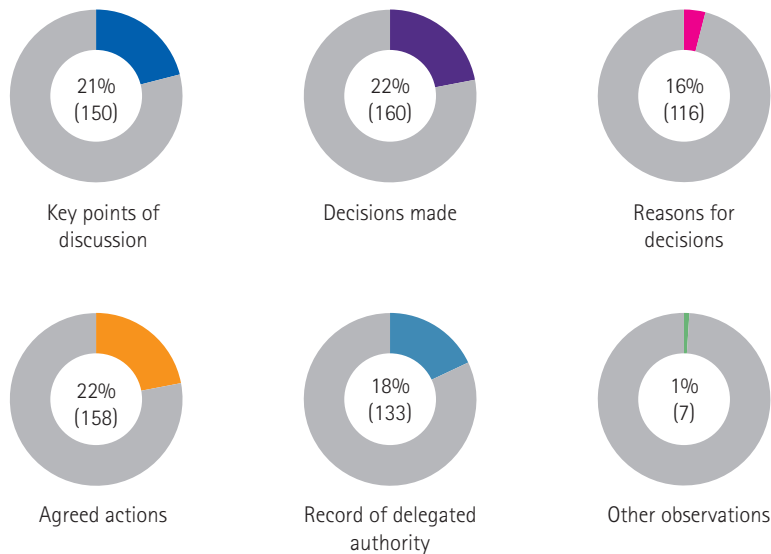
6. Which of the following are relevant to the degree of details required of minutes? You can click more than one answer.



The factors that affected the level of details required of minutes, include the working practices of the chairman/board/company secretary 130 (30% clicks); the needs of the organisation 126 (29.5% clicks); regulatory requirements 114 (27% clicks); and operational sector of the company 51 (12% clicks) respectively.

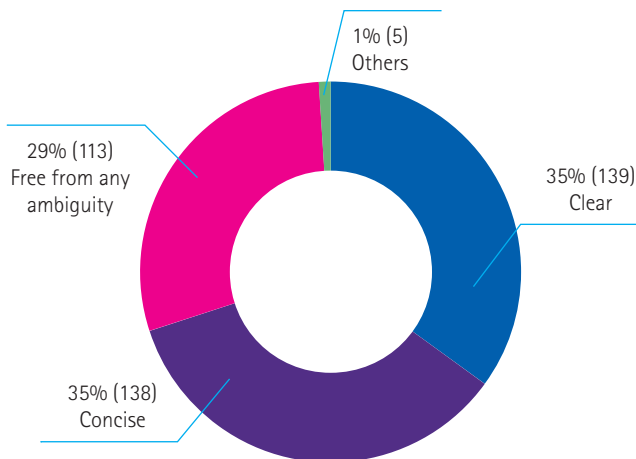
7. The minutes should include? You can click more than one answer.

As with the ICSA key points, the minutes need to record decisions made 160 (22% clicks); agreed actions 158 (22% clicks); key points of discussion 150 (21% clicks); and reasons for decisions 116 (16% clicks).



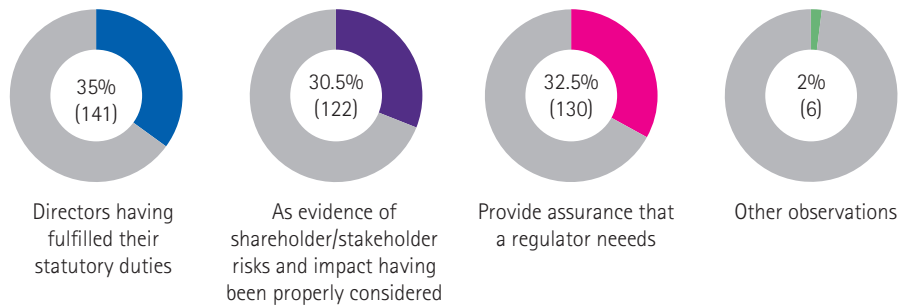
As with the ICSA key points, the minutes need to record decisions made 160 (22% clicks); agreed actions 158 (22% clicks); key points of discussion 150 (21% clicks); and reasons for decisions 116 (16% clicks).

8. As a source of contemporaneous evidence in any judicial or regulatory proceedings, minutes should be? You can click more than one answer.



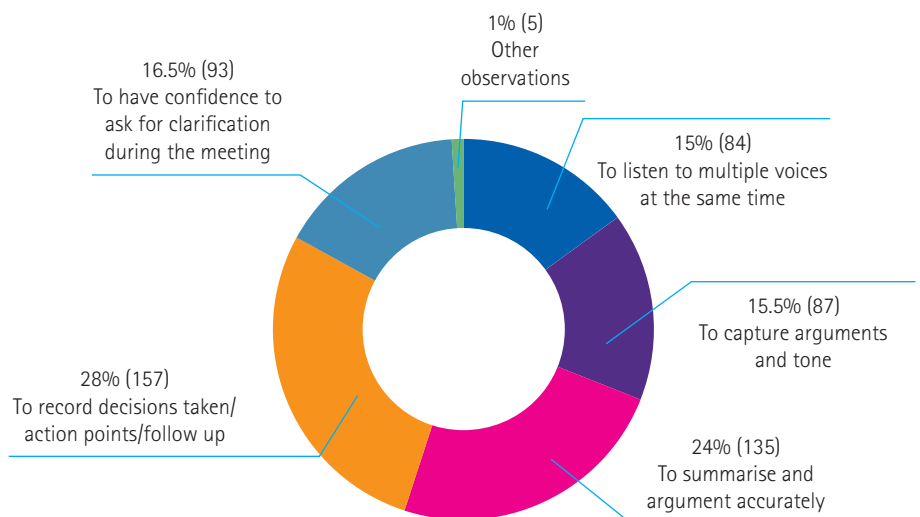
The respondents were of the view that the minutes should be clear 139 (35% clicks); concise 138 (35% clicks); and free of ambiguity 113 (29% clicks) respectively.

9. Could minutes also serve the following purpose(s)? You can click more than one answer.



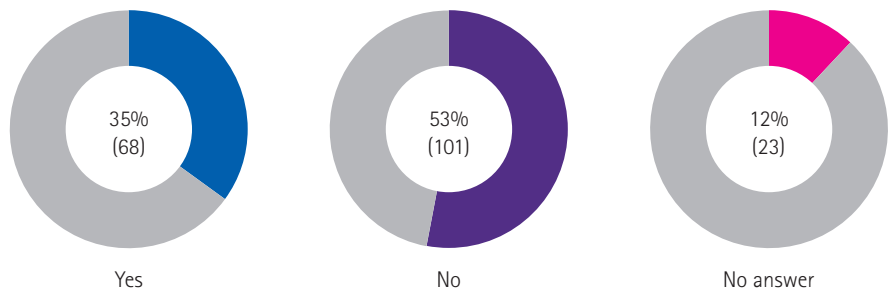
The respondents were of the view that minutes could serve the additional purposes as to directors having fulfilled their statutory duties 141 (35% click); as evidence of shareholder/stakeholder risks assessment 122 (30.5% clicks); and to provide regulatory assistance to regulators 130 (32.5% clicks)

10. What are the qualities of the minute taker? You can click more than one answer.



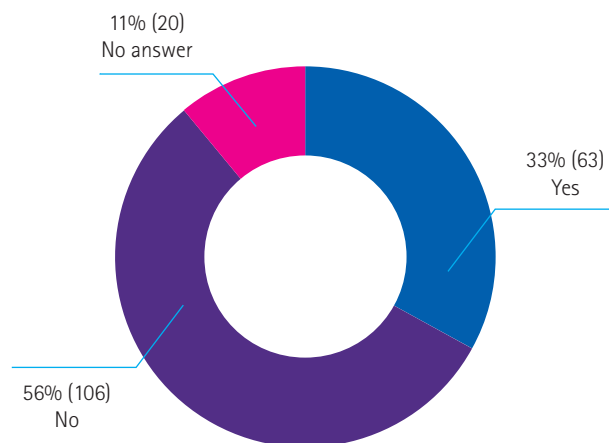
In line with the ICSA key points, the 190 respondents identified that the ability to record decisions and follow up 157 (28% clicks); summarise arguments accurately 135 (24%); to listen to multiple voices 84 (15% clicks); capture arguments and tone 87 (15.5%) and to have the confidence to ask for clarification during the meeting 93 (16.5% clicks) were all important qualities of a good minute taker.

11. Do you discuss with the chairman before the meeting any relevant procedural issues? Please select one answer only.



From the responses of the 190 respondents, there were only around a third of the respondents 68 (35%) that approached the chairman before the meeting to discuss relevant procedural issues. The others did not 101 (53%) or provided no answer to the question 23 (12%).

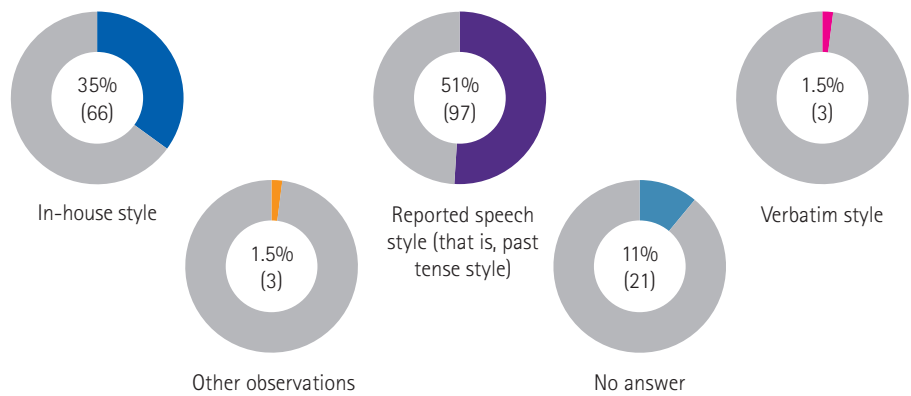
12. Do you discuss with the chairman before the meeting the support required during the meeting? Please select one answer only.



From the responses of the 190 respondents, there were again only around a third of the respondents 63 (33%) that discussed with the chairman before the meeting the support required during the meeting. The others did not 106 (56%) or did not provide an answer to the question 20 (11%).

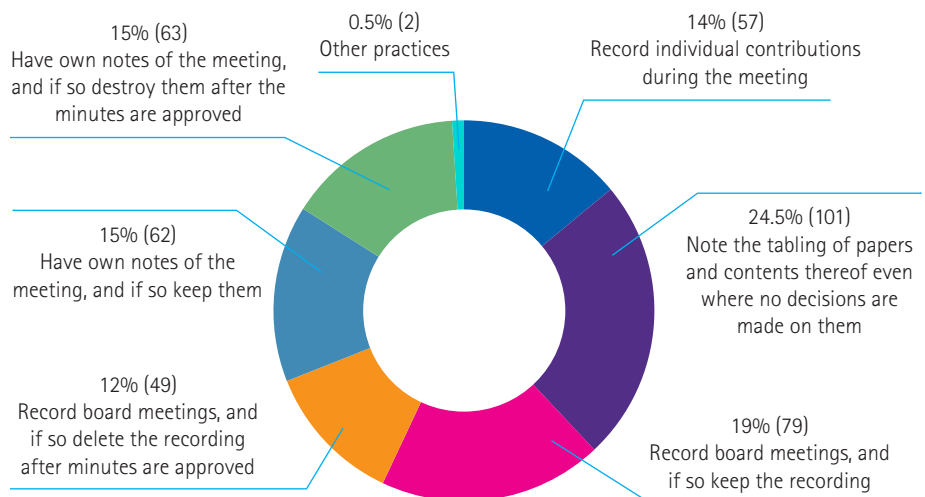
13. In terms of the style of writing the minutes do you follow? Please select one answer only.

As to the general question of the style of writing minutes, the use of reported style (that is, past tense style) was most prevalent 97 (51%); followed by in-house style 66 (35%). There was negligible use of verbatim style by the respondents.



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14. As a matter of practice, do you? You can click more than one answer.



As practice matters, the respondents tabled papers during meetings even where there were no decisions made on them 101 (24.5% clicks). There was also the practice of recording board meetings with 79 (19% clicks) retaining them, and 49 (12% clicks) deleting them showing a varied practice. Also for minute taker notes 62 (15% clicks) retained them, and 63 (15% clicks) destroyed them. There was a practice for some minute takers to record individual contributions during meetings 57 (14% clicks).

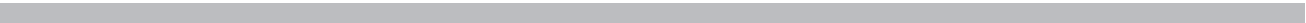
ICSA guidance note on minute taking – summary of key points

1. The purpose of minutes is to provide an accurate, impartial and balanced internal record of the business transacted at a meeting.
2. Good minuting is a deceptively difficult and time consuming task which is often undervalued, notably by directors and senior executives who are not board members. It is far more than an administrative formality.
3. It can take at least as long, often twice as long, to draft minutes as the meeting itself took.
4. There is no one-size fits all approach for minute writing and no 'right way' to draft minutes. Context is always important and each chairman and each board will have their own preference for minuting style. It is up to each individual organisation to decide how best its meetings should be recorded.
5. The degree of detail recorded will depend to a large extent on the needs of the organisation, the sector in which it operates, the requirements of any regulator and the working practices of the chairman, the board and the company secretary. As a minimum, however, we would expect minutes to include the key points of discussion, decisions made and, where appropriate, the reasons for them and agreed actions, including a record of any delegated authority to act on behalf of the company. The minutes should be clear, concise and free from any ambiguity as they will serve as a source of contemporaneous evidence in any judicial or regulatory proceedings.
6. Minutes may also be used to demonstrate that the directors have fulfilled their statutory duties, in particular by evidencing appropriate challenge in order to hold the executive to account and by showing that issues of risk and both shareholder and stakeholder impact have been properly considered. Minutes should facilitate regulatory oversight, but this is not their primary purpose. Nonetheless, those drafting minutes should be mindful of regulatory needs. The well-written minutes of an effective board meeting should convey all the assurance that a regulator needs.
7. The company secretary is responsible to the chairman for the preparation and retention of minutes; the chairman and the other members of the board are responsible for confirming their accuracy.

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8. Organisations should always employ a properly qualified individual to take minutes of board meetings; one who has the necessary skills. Too often minuting a meeting is left (at short notice) to a junior member of staff without the appropriate experience or training.

Key skills of a good minute taker include being able to:

- listen to multiple voices at the same time and capture both their arguments and tone
 - summarise an argument accurately and record decisions taken and action points on which to follow up
 - identify which parts of the discussion are material and should be recorded
 - have the confidence to ask for clarification of any point from the chairman or another director during the meeting (and they should always do so if they are not clear what the final decision is); have the confidence to stand firm when someone asks them to deviate from what they believe to be an accurate record.
9. Wherever possible, the company secretary should be supported at the meeting by a suitably skilled minute taker if one with the necessary skills is available.
10. It is generally a good idea for the company secretary to discuss with the chairman before the meeting any relevant procedural issues and, perhaps most importantly, how they can best support the chairman.
11. It may be helpful to develop a minute-taking policy or style guide to set the house style and conventions. This could be approved by the board.
12. Minutes are normally written in 'reported speech' style in a past tense; they should not be a verbatim record of the meeting.

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13. Minutes should document the reasons for the decision and include sufficient background information for future reference – or, perhaps, for someone not at the meeting to understand why the board has taken the decision that it has. In simple terms, they should record what was done, not what was said but with sufficient context to give assurance that it was done properly.
 14. Individual contributions should not normally be attributed by name, but this will be appropriate in some cases.
 15. If board papers are received for noting and no decision is required then, unless there is material discussion that needs to be recorded, minutes should indicate that the relevant report was 'received (or reviewed, if that is what happened) and its contents noted'.
 16. Draft minutes should be clearly marked as such and amendments to the draft minutes should be thought of as 'enhancements' rather than 'corrections'.
 17. The audio recording of board meetings or the publication of board minutes is not, generally, recommended. Any such recording should be deleted once the minutes have been approved.
 18. Great care should be taken with the company secretary's notes of the meeting, both in terms of content and retention. We recommend that they are destroyed once the minutes to which they relate have been approved.
 19. Minutes, as a board responsibility, should be included as part of the board evaluation process.
 20. The ICSA guidance includes detailed discussion of the usual preliminary information, including quorum and the treatment of conflicts of interest; the style of writing; when it might be appropriate to name individuals; dealing with dissent in the minutes; and the level of detail appropriate in minutes. It also addresses the approval of minutes; the treatment of post-meeting developments; and to whom.

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