



# How to improve the board minute review process

*Time has moved differently for many of us this year. Months of working from home accompanied by social isolation can make the days drag by in a seemingly endless cycle.*

Spare a thought for company secretaries, who experience this on a regular basis. Writing board minutes can feel like re-living a meeting in slow motion. A combination of three factors has recently made minute-taking more complex and time-consuming:

## 1. Greater detail

In the wake of the financial services Royal Commission, there has been a shift towards longer and more comprehensive minutes. Succinctly capturing the reasons for decisions, the scope of substantive discussions, and the extent of challenges to management can require a skilled hand.

## 2. Closer review

Boards have been reminded of their obligations to ensure minutes are complete and accurate. Coupled with their extended length, this has meant that directors are spending more time looking at draft minutes and requesting amendments. The days of minutes being provided in the board pack and approved without comment at the next meeting are becoming a thing of the past.

## 3. Remote meetings

The COVID-19 pandemic has made physical meetings an impossibility during a time of unprecedented business, economic and social upheaval. Remote board meetings can make taking minutes more difficult, including from discussions flowing less smoothly than usual, participants speaking at the same time, or identifying unfamiliar voices when video is unavailable.

Improving the minutes process begins with good guidance on how to navigate its challenges and comply with regulations. Technology can further support compliance while also boosting efficiency. Finally, a good working relationship between the chair and the company secretary helps resolve any issues.



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### Guidance from the experts

The Australian Institute of Company Directors (AICD) and Governance Institute Australia (GIA) released a joint statement on board minutes in August 2019. This provides essential insights and addresses many of the challenges faced by boards and company secretaries.

Some of these are straightforward:

- ▶ Minutes should not be a transcript of the meeting or a record of individual directors' contributions.
- ▶ Minutes should not record every question that is asked, or every response received.
- ▶ Minutes should be written clearly, succinctly and in plain English.

Equally, the joint statement is clear about how to review draft minutes:

**“Directors have a responsibility to properly evaluate the draft minutes circulated after meetings and should request additions, clarifications or corrections where necessary. It is critical that each director actively reviews the minutes, and that the process of finalising and approving the minutes is managed rigorously by the chair. If the minutes are silent on an issue, a court may adopt a degree of scepticism as to whether the matter was indeed considered by the board.”**

However, good governance is never a one-size-fits-all solution. Individual organisations must determine the appropriate level of detail recorded in the minutes based on:

- ▶ The risk and significance of the issue.
- ▶ The level of information in the relevant board paper.
- ▶ The existence of dissenting views or conflicts of interest.
- ▶ The decision (or the basis for a decision) differing from the recommendation.
- ▶ The organisation's broader regulatory environment.

Capturing the substance of a meeting while remaining objective calls for professional judgement and experience. This objectivity is an important element of the company secretary's role which is recognised in the legal opinion accompanying the AICD and GIA joint statement.

### Common issues in the review process and how to fix them

Circulating draft minutes to the chairperson and other directors for review can create a lengthy feedback loop. For the company secretary, managing this process is often a recurring exercise in frustration.

#### ▶ Individual review of collective decisions

##### Potential problem:

The most contentious parts of a meeting are naturally more likely to attract scrutiny in the review process. Unfortunately, that often means the company secretary receives several different amendments to a single section when directors simultaneously review the draft minutes. Managing conflicting changes can test both diplomacy and writing skills.

##### Solution:

The chairperson is first among equals, and their choice of words will generally prevail in the draft minutes brought to the board for approval. Multiple sets of amendments enable the company secretary to finesse the wording and combine the best elements of each in the updated draft sent back to the chair. This also provides an opportunity to highlight the issue and seek their advice if necessary.

Using a specialist tool like **Diligent Minutes** further enhances collaboration. The built-in review functionality means each reviewer's suggested changes are tracked, improving visibility and helping to resolve varying views among directors.



### ► Managing memory joggers

#### Potential problem:

Directors may opt to take more fulsome personal notes to assist their subsequent review of the draft minutes. The security, storage and retention of these notes should be addressed to ensure the minutes are the sole permanent record of the meeting once they are approved.

#### Solution:

Boards should agree and apply a consistent approach to document management, including the requirement to dispose of any personal notes after the minutes are approved. Providing a **secure platform** for making any annotations, which are then automatically removed at an agreed time, takes the onus off directors remembering to delete or shred their personal notes.

The review comments and marked up amendments made in Diligent Minutes are automatically removed when the minutes are finalised, ensuring the approved document is the sole record of the meeting,

### ► Style versus substance

#### Potential problem:

The style of minutes varies between organisations and is significantly influenced by the chairperson and the company secretary's individual approaches. However, others sometimes use the review process to request wordsmithing amendments that reflect their own preferences.

#### Solution:

Reviewing minutes with a fresh set of eyes is an essential part of quality control. What makes perfect sense when drafted may be ambiguous to another reader. Using consistent phrases in each set of minutes creates standards and also saves time in the drafting process. If there is a persistent grammarian on the board, the chair's counsel may help resolve the situation.

The increased visibility across the review process provided by Diligent Minutes can also help encourage contributors to concentrate on making their suggestions more relevant.

## Elevating your minutes process to the next level

Evolving corporate governance best practice and external circumstances have complicated the process of taking minutes, but help is at hand.

The upgraded version of **Diligent Minutes** has new features that make managing the review of draft minutes easier and more efficient for both boards and company secretaries.

Diligent Minutes brings the review process into a single secure platform, giving greater visibility to participants while preventing version control issues.

Reviewers can mark up their changes within the intuitive Diligent interface, enabling the company secretary to incorporate agreed amendments at the touch of a button before adding the final draft directly to the next meeting's board pack.

These changes are designed to strengthen collaboration and take the pain out of some of the most common issues across the minutes process. Using Diligent Minutes saves time while also increasing the rigour around this fundamental aspect of corporate governance.

## Finding out more about minutes

The following resources provide additional information on best practices in taking board minutes:

- **'More than a Minute' Diligent white paper**
- **AICD and GIA joint statement on board minutes**

To discover more about using **Diligent Minutes** and see how it can benefit your organisation, please contact us:

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