

Board papers





Foreword

Good board papers ensure your key decision makers have well-written, relevant, and accurate information to support their decision-making.

Recent high-profile corporate crises — where information flows to the board have been highlighted as a failing — serve as a strong reminder about the importance of good board papers.

With these issues firmly in the spotlight, it is timely that we have released our *Board papers guidance*.

This practical guide will equip you and your organisation with the knowledge and skills to improve your organisation's board papers. We have included guidelines for board paper preparation, a how-to guide to developing an internal board papers process policy, and a sample board paper.

It's essential reading whether you are in a listed or unlisted company or a not-for-profit, and regardless of the size of your organisation.

When preparing board papers, it is essential to prioritise quality over quantity. Too often, providing too much information does not assist good board decision making.

Preparing board papers is predominantly the role of management, with company secretaries also playing a

vital part. By setting high-level preferences, directors can also be involved in the process. It's a process with many stakeholders and high expectations.

The board paper process should never become static. Keep asking: Is the process working efficiently, is the material relevant, and do you have an effective board paper process policy?

Importantly, consider whether your policies and practices are responsive to the ever-changing legal and regulatory landscape. The corporate environment and board practices are under the microscope and change can be rapid and dramatic.

Armed with our *Board papers guidance*, you are well placed to tackle this important element of your organisation's processes — and as a result, better business and good governance.

Kind regards

Megan Motto
CEO, Governance Institute of Australia

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Introduction

The issues raised by recent governance reviews undertaken by regulators and by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (royal commission) have directed a spotlight on board papers and prompted many organisations to review their board paper practices.

This guidance is for those who are responsible for preparing board papers and papers of board committees. A sample board paper has been developed to assist with this. Importantly, it also contains guidance for those responsible for the processes that support the proper functioning of the board and contains helpful material for inclusion in board paper policies and guidelines.

The company secretary plays a crucial role in assisting with board paper preparation as well as developing and implementing board paper policies and guidelines.

The principles set out in this guidance are equally applicable to publicly listed companies and unlisted companies as well as to organisations in the not-for-profit and public sectors. The guidance is also intended

to apply to those organisations with a governing body rather than a board, such as incorporated associations. We consider that the recommendations included in the guidance can be applied to enhance the effectiveness of board reporting in both large and small organisations.

As with most governance principles, one size does not fit all. The policies, procedures and guidelines you adopt must be fit for purpose for your organisation. While the fundamental principles may apply, the detail will depend on the circumstances of each individual board. It is strongly recommended that the chair and board be involved in the development of policies and guidelines on the preparation of board papers to ensure that they receive the material and information they require to discharge their duties as directors. Such considerations may mean that an organisation may legitimately choose not to adopt some of the recommendations contained in this guidance.

A reference in this guidance to board papers also applies to board committee papers.

Chapter 1

Purpose of board papers



Board papers are the primary means by which directors gain the necessary information required to fulfil their governance role in organisations, including and importantly, for the decisions they are required to make and to fulfil their monitoring and oversight functions. To support directors in discharging their duties, information in board papers must be coherent, complete to the extent necessary, and consistent. Recently in the royal commission, Justice Hayne noted that boards must have the 'right information to discharge their functions'.¹ His comments reiterate the importance of improving the quality of information (not increasing the quantity of information) provided to boards so that directors are able to effectively discharge their duties.

Well-written, concise board papers play an important role in ensuring directors have the necessary information to contribute to board discussions and enable the company secretary to succinctly record the proceedings and resolutions of a meeting in the minutes. A well-written board paper will identify the rationale for proposed resolutions. This allows the minutes to focus more on the board discussion of the key matters raised in the paper and any further information or clarification sought by the board. If board papers are to fulfil this important function, appropriate care must be taken in their preparation.

The company secretary plays a significant role in the board paper process and should work with management to produce papers that clearly specify what the board or committee is being asked to do. As noted above, directors should set expectations of management in relation to reporting to the board and regularly reflect and provide feedback on the adequacy of material provided to the board.

Who is the audience of a board paper?

It is important for the writer of a board paper to understand the requirements and role of the board members who read the papers. Directors are not responsible for the day-to-day management of the organisation, rather they are responsible for guiding the organisation's strategic direction and monitoring management's performance in achieving those strategic objectives. In doing so, they need to consider the interests of various stakeholders (customers/service users, employees, suppliers, regulators, government and the communities in which they operate) in their oversight and decision-making processes.



It is essential that directors take an active role in satisfying themselves that board papers are adequate and that they have sufficient and the 'right' information on which to base decisions and to perform their oversight and monitoring functions.

It is essential that directors take an active role in satisfying themselves that board papers are adequate and that they have sufficient and the 'right' information on which to base decisions and to perform their oversight and monitoring functions. This includes contributing to the board paper process, articulating their expectations on quality and sufficiency of information to be provided and ensuring that there are systems and control processes for maintaining the integrity of information.

Who prepares a board paper?

Board papers are commonly prepared by management. In smaller organisations, directors may also prepare board papers.

A common failure of those who prepare board papers is to write for members of management rather than consider what the board needs to know. This usually manifests in providing a board with too much detail and providing information of a kind that is insufficient for decision-making.

Those preparing board papers also need to bear in mind that the board paper may be examined by third parties such as regulators and courts. Therefore, it is important to adopt a formal business writing style which is factual, dispassionate and, where possible, evidence based. Board papers must be as accurate as possible and be written with an eye to the reality that they may be discoverable or reviewed by third parties at a later time.

1. *Final Report*, Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, p 400.

Chapter 2

Issues to consider when developing a policy on board papers



It is good governance to have a policy or policies relating to board papers. A policy enables an organisation to address important issues for board papers, such as ownership, security, access and routine disposal practices and also to outline protocols for legal and regulatory requirements. As such, a policy should establish the high-level principles in these areas rather than being a 'how to' guide for writing a board paper. The 'how to' of board papers is better reflected in an organisation's procedures or guidelines.

While not every organisation will adopt a written policy for board papers it is recommended that organisations consider the issues listed in this chapter. Given the importance of board papers, it is important to develop consistent practices for handling board papers which can be clearly demonstrated for legal purposes should it be necessary.

Legal context

The *Corporations Act 2001* (Corporations Act) sets out obligations on record keeping for companies, notably that:

- the company must keep minute books recording the proceedings of meetings and resolutions made by directors (s 251A)
- the company must keep financial records (s 286)

To the extent that board papers are either incorporated by reference into minutes and thus form part of the minute book (s 251A), or are financial records (or contain information that is within the ambit of the definition of financial records (s 286)), then they are required to be retained under the Corporations Act, however it is common practice for them to be retained permanently — see page 6 below.

Electronic copies of company records are compliant with the Corporations Act provided they are secure from unauthorised access, theft, damage, destruction and falsification and can be reproduced in a hard copy on demand (s 1306).

Under the Corporations Act it is an offence to conceal, destroy, mutilate or falsify company records (s 1307). Similar provisions apply to organisations incorporated under other legislation.

Policy application

It should be clear to whom the policy applies. The policy should apply to those members of the board and management who are the recipients of the board papers, as well as those who prepare board and board committee papers or are responsible for the preparation and circulation of board packs, document security and retention.

The policy should be clear as to what documents and materials the policy covers. It is necessary for the principles applying to the board papers to also apply to the papers for board committees and, to the extent relevant, written resolutions of directors and their related papers. However, organisations will need to consider whether the policy's principles should apply to materials distributed to the board which do not form part of a specific meeting, such as board memos and/or information updates from management.

Ownership of papers

An organisation should have a position, informed by legal advice, on whether confidential information (including board papers) received by directors in the course of their duties remains the property of the organisation or of the director. This is particularly important as the organisation will need to have a view on director's retaining papers including those which they have annotated. In seeking legal advice, organisations are encouraged to have regard to any deed of indemnity, confidentiality or access and insurance entered into with directors of the organisation which would usually afford the director rights of access to board papers on certain conditions.

Access to papers

The policy should broadly specify who the recipients of papers will be. For example, it may simply state that directors, the company secretary, executive management, and other persons (approved by the company secretary, CEO or chair) will receive the papers.

In addition to the access provided to directors and management, it will be important for the organisation to develop a general protocol for third parties and those within the organisation requesting access to board papers. In this regard, such a request is usually made to the company secretary. The company secretary should consider the purpose of the access, persons who will access the papers, any intended further distribution of the papers and terms upon which those papers can be made available.

Paper preparation process

The policy should provide a high-level overview of the key elements of the board paper preparation process. Topics that may be addressed include drafting, reviewing and distributing papers; treatment of late and tabled documents; managing conflicts of interest; and legal professional privilege considerations.

author before being provided to the board or reviewed by the CEO (depending upon the process adopted by the organisation).

Larger organisations may also require specific departmental reviews and/or approvals (for example, legal, tax, finance, treasury) of papers prior to any executive sponsor's approval.

It is common for larger listed entities, with in-house legal resources, to mandate that a legal review be part of the board paper preparation process. The reasons for such a review are to ensure that there is no inadvertent waiver of legal professional privilege, any competition or other regulatory issues are appropriately dealt with and generally, legal obligations are complied with.



Directors have a right to receive the information they need to carry out their role, which is usually in board papers, but they also have a duty to avoid conflicts of interest

Drafting and reviewing papers

The company secretary will usually prepare an annual planner that sets out the regular items that will need to be considered at particular board meetings throughout the calendar year (for example, annual accounts, risk declarations, succession planning etc), as well as a timetable for the submission of papers and in turn, the provision of board papers to the board. In the timetable, sufficient time should be allowed for the review of board papers by all necessary parties and for obtaining management approvals. Every organisation will have their own mandatory approval steps that are required as part of this process.

Review and approval process

The policy should outline the board paper review and approval process for the organisation.

It is good practice for the board papers to be reviewed before being circulated to the board. Depending on the company this may be the CEO or an executive sponsor. They should also be reviewed by the company secretary to ensure information is accurate and resolutions are appropriate. For the purposes of accountability, board papers should also be approved at a minimum, by the

Inclusion in board pack

The final step before circulating the papers to the board is a final review and compilation by the company secretary. This can be as detailed as a full review of all papers or, noting that at this stage 'time is of the essence', it may just be a review of the board pack to ensure all of the papers have been included correctly and the format is appropriate and the numbering or layout or identification makes it clear where papers fit within the agenda to assist directors in their reading of the papers.

Legal professional privilege

Boards will often consider a company's legal advice. Privilege is not usually lost by the board receiving the advice. Any documents subject to legal professional privilege which are retained by the organisation should be dealt with separately to ensure that privilege is not waived through inappropriately wide circulation of the privileged document, which should be strictly limited in its circulation. Legal advice should be obtained and policies on the management of privileged documents developed to ensure that legal professional privilege is not inadvertently waived.

Managing conflicts of interest

Directors have a right to receive the information they need to carry out their role, which is usually in board papers, but they also have a duty to avoid conflicts of interest. It is good governance for an organisation to set out a general process or policy for managing directors' conflicts of interest. This will include dealing with information in board papers. It is important to ensure that an organisation's process or policy deals with restricting access to board papers in order to appropriately deal with conflicts. The process should be endorsed by the board. Managing conflicts of interest can be challenging if organisations are unable to restrict access to board papers dealing with conflicted matters. Some board portals have a facility that can be used to limit a director's access to board papers.

Late papers

The provision of late papers to the board should be discouraged. Directors need sufficient time to read and digest board papers in order to be effective in their role and to meet their obligations. However, it is recognised that a board is often required to respond in a timely fashion to urgent matters and an unscheduled meeting may be called at short notice to deal with specific business. This often results in boards being provided with papers at short notice. Rather than having a policy that disallows late papers, a more realistic approach is to have a clear policy on how late papers for scheduled meetings and unscheduled meetings are to be dealt with in a way that best assists the board. It is likely that the chair and CEO of the organisation will want to be involved in determining an appropriate process for distribution of late papers to the board.



The policy should ensure that directors have the opportunity to read and consider tabled documents as required and if necessary, the meeting should be adjourned to allow them to do so.

Distribution of papers

An important aspect of any board paper policy is to set out the timing of board paper distribution. Board papers should be distributed sufficiently in advance of a meeting to ensure that there is time for the directors to digest the contents of the papers and prepare for the meeting. It is common practice to distribute board papers approximately one week before a meeting.

The policy should include the method by which the board papers will be distributed to the board and other recipients. Papers will either be printed or provided by electronic means, which may include the use of a board portal. Where electronic distribution is adopted by the organisation, a password protocol should be outlined in the policy. Further considerations relating to electronic distribution are detailed at page 5 in this guide.

If an organisation is distributing printed copies of the papers, any specific requirements relating to distribution or receipt of the papers when delivering by hand or by courier should also be documented.

It is also recommended that board paper distribution lists be maintained to support any discovery processes.

When distributing paper packs to the board, any papers that are to be distributed late should be clearly highlighted to the directors. The company secretary should also indicate when the directors are to expect the late paper. It is good practice for directors to be notified when the late paper is then available.

Tabled documents

As with late papers, the practice of tabling new documents at the board meeting should be kept to a minimum, while taking into account the reality that boards are sometimes required to deal with urgent matters that require documents to be tabled during the meeting. One example of when a late paper may be tabled is when management wish to use a slide pack during the board meeting that contains a summary presentation of a longer paper that is already included in the board pack.

The policy should ensure that directors have the opportunity to read and consider tabled documents as required and if necessary, the meeting should be adjourned to allow them to do so. Tabled documents and presentations raise particular concerns for directors who are attending meetings remotely by teleconference

or video conference. If these directors cannot be sent a copy of the tabled document or presentation electronically then the document should (if practical) be read aloud to them. If neither is possible, then the director concerned should be given the opportunity to abstain from any decision related to the tabled document or presentation and the minutes of the meeting should record their abstention and the reason for it.

Circular resolutions

Circular resolutions are a mechanism that allow directors to pass a resolution without a meeting of directors. They are commonly used for non-contentious and routine matters that need to be dealt with between board meetings or to formalise a course of action where there has been extensive and robust discussion at a prior board meeting. They generally should not be used for matters that require extensive presentations by management or discussion among directors. For guidance on the management of board papers associated with circular resolutions see *Good Governance Guide: Issues to consider in the use of circular resolutions*.

Security issues

In developing a policy, the organisation needs to decide how it wishes to approach security issues associated with the preparation, delivery and retention of board papers. Directors, management and all persons involved in the production of board papers need to be clear about the organisation's policy on these important issues.

The board paper policy should form part of an organisation's overall information management and security policy or at a minimum be consistent with it.

Delivery

There are various methods of delivering papers electronically and organisations will need to consider the relative advantages and disadvantages relevant to the various methods.

Issues to consider when evaluating different ways of delivering papers electronically include:

- the security of the papers
- any size restrictions on board packs
- the location of the server on which the papers may sit and the suitability of risk management frameworks in place
- who may have access to the papers.

To reduce the risk that the official record is not confused with multiple copies that may have comments that may be contradictory to the minute record the board needs to decide whether it wants to employ technology that allows

the company secretary to remotely delete material held on a director's device or block directors from being able to print board papers.

Retention

Each board must form a view as to the circumstances in which directors and others will be permitted to retain papers (in hard copy or electronic form) beyond the meeting to which they relate, and in the case of directors, having regard to their duties, rights of access to board papers and mitigating the risks associated with annotated papers — see below. The policy should be consistent with obligations contained in any deed of access, confidentiality or insurance and indemnity provided to directors. Where the policy does not allow directors to retain the papers, a deed of access for directors will be important. This can be a pre-requisite for overcoming reluctance on the part of directors to forego retaining papers. The deed of access should also cover the period after which they cease to be a director.

For more information on the rights of directors to access board papers see *Good Governance Guide: Director and ex-director access to company information*.

Where papers are provided in printed form, the organisation may consider implementing a requirement that directors return their papers to the company secretary at the conclusion of each meeting, or within a certain period of time, for secure disposal. The policy should also specify the period in which the company secretary will dispose of the papers.

Where papers are provided electronically, the board may mandate that all papers are to be deleted automatically from the directors' devices at the close of a meeting, within a certain period of time or upon the occurrence of a particular event (which may be the minutes of that meeting being signed as a correct record). The organisation should also determine who is responsible for the deletion of the papers, with the obvious choices being either the director or the company secretary. This will often be determined having regard to the technology options available for delivery of the papers.

Annotations and comments

In addition, careful consideration needs to be given to managing annotations by directors as comments and markings on papers can be discoverable. Taking and retaining notes can also create risk as ambiguous, inconsistent or incomplete records can be used against a director and/or the organisation, while also potentially providing a defence for a director.

Unless the board decides otherwise, directors 'own' their notes and annotations, and organisations have no right of access unless directors agree. For this reason, any policy should explicitly address these issues.

There are some potential benefits for directors but also potential risks if an organisation or a director retains annotated board papers and directors' notes. It is important for boards to weigh these risks carefully:

- Benefits to directors — retention of these materials may support evidence that a director discharged their duty. It may assist in demonstrating that they adequately informed themselves about an issue, appropriately considered and questioned an issue and/or exercised due care and diligence.
- Risks to directors and the organisation:
 - annotations or notes may reflect directors' initial thoughts formed prior to any board discussion on the issue. A director's final thoughts may differ from those initially formed with the benefit of the discussion at the meeting
 - annotations or notes are likely to be: directors' incomplete thoughts, fledgling ideas, ambiguous and open to interpretation (for example, a tick, squiggle or a question mark) or could be inconsistent with other records, namely the official records, the minutes. They are likely to be used to support an opposing party in litigation or a regulator in an unfavourable claim against the directors and/or the organisation for an action for breach of duties, and may be used to support one director to the detriment of other board members, and
 - the information is confidential and sensitive and may be lost, stolen, misplaced, if the director does not store it securely.

If annotations are made by directors on their electronic version of the papers, consideration should be given to whether the retention policy applicable to board papers should also apply to annotations.

This is subject to any applicable legislative prohibition on the destruction of company documents.²

Storage

Board papers are part of the official records of an organisation and a complete set must be maintained. It is important that an organisation has controls in place for the secure storage of confidential information contained in its board papers. It is common practice for board papers and board minutes to be retained permanently under document retention policies, although there is no specific legislative requirement for board papers to be retained — see page 2 above.

It is good practice for the company secretary to securely store an unannotated 'official' version of the board papers (including those documents submitted late, presentation materials or other documents tabled at a meeting) in printed and electronic form for each meeting. This unannotated version can be made available to directors, regulators or litigants should access to the company books be legally required. Confidential documents, including documents subject to legal professional privilege, and human resources and taxation papers, should be filed securely and separately. Many governance professionals consider it prudent risk management to retain securely a printed copy of board papers even if an electronic version is kept.



It is good risk management to keep the duplicate set of records (whether in hard or soft copy) at an alternative location such as offsite secure storage.

Taking these issues into consideration, the board may decide that directors may make notes or annotations on their papers for the purposes of raising issues at a meeting. However, it may be agreed to limit directors to making minor annotations to preserve the integrity of the papers and prohibit annotations in relation to matters which are or may be the subject of litigation. It is also important not to undermine the integrity of the board minutes as 'the record' of the meeting.

Some board portals can be configured to ensure that the organisation's copy of the papers remains 'clean' and no annotations on the papers are retained.

It is good risk management to keep the duplicate set of records (whether in hard or soft copy) at an alternative location such as offsite secure storage.

The policy should also consider security protocols applicable to the storage or disposal of draft versions of papers.

2. See for example, s 254 *Crimes Act 1954* (Vic).

Chapter 3

How to prepare a board paper



Guidelines for board paper preparation

It is good governance to develop guidelines on the preparation of board papers and for those guidelines to be communicated to all parties responsible for preparing papers. Guidelines assist paper writers to prepare high quality standardised papers containing the essential information required by directors. They are a 'how to' guide as well as an articulation of why things are done in a particular way.

Developing guidelines

Writing for the board

The guidelines should provide information to assist paper writers understand their audience. A significant amount of directors' time is devoted to receiving reports, discussing matters with management and making decisions specifically reserved to the board. In performing



It is good practice to engage with the board members, or at a minimum, the chair, to understand board paper expectations and then ideally obtain board support for the guidelines.

Guidelines should broadly include: information on writing for directors; a description of the various forms of board papers reflecting the purpose of the paper; standardised content and format requirements; paper attribution protocols; and paper approval processes. It is also helpful to have a sample board paper to assist with the implementation of the guidelines. A sample board paper is included in Appendix 1.

It is good practice to engage with the board members, or at a minimum, the chair, to understand board paper expectations and then ideally obtain board support for the guidelines. Individual directors can have very different views on what they want in a board paper (eg the level of detail) and while it may not always be possible to reconcile all directors' requirements, the company secretary should endeavour to include as many of the directors' requirements as possible. The company secretary would usually seek the chair's support in obtaining board consensus on the guidelines.

The board, CEO and management should set the tone for the organisation by supporting the company secretary in implementing and enforcing the guidelines.

this function, directors must have the right information to assess the organisation's opportunities and risks and balance the interests of various stakeholder groups.

Directors rely on management's subject matter expertise and on management providing them with sufficient and key information to enable them to form opinions on matters they are required to consider. Directors want information which is beyond mere fact — they want to understand the inferences that management draws from facts and their insights into matters. They also want to understand the options available to the organisation, the reasons for management's recommendations and why they have exercised judgment in a particular way.

Writing style and information completeness

The guidelines should outline that board papers, are:

- to be written
 - in a formal business writing style, in which information is presented in a factual and unemotional way and in which fact and opinion are clearly distinguished.
 - in plain English using simple words and short sentences, with minimal use of acronyms and industry jargon (consider adopting a glossary of frequently used acronyms)
 - with the needs of the directors in mind

- consistent in format, layout and style
- to contain key information sufficient to provide for an informed decision by directors
- not to contain so much information that the critical elements are obscured,
- clearly indicate what the board is being asked to do.

Paper length

The guidelines should specify that board papers be as clear and concise as possible. The author needs to carefully consider the balance between the level of detail required and providing too much information. The critical question to ask is what information the board needs to make a decision and/or to carry out its oversight and monitoring function.

Management and the board should regularly review the size and content of board papers and packs to ensure that they are meeting the needs of the directors and enabling them to be properly informed without supplying too much information for them to digest.

It should be noted that any attachment to a paper is still considered part of that paper and each director is still required to read and consider the information contained in the attachment.

Paper structure, purpose and recommendation

The guidelines should provide an overview of the different types of papers that the organisation has adopted and the different circumstances in which an author is to use them. The paper types are linked to the purpose of the paper and are commonly labelled as papers 'for information', 'for discussion', (which generally may be 'for noting') 'for recommendation' (where considering at a committee level) or 'for decision'. The purpose must align to the recommendation that management will make to the board.

An organisation will often ensure that board papers have a standard structure and format so that directors can readily absorb the essential information and understand what is being requested of them. The guidelines



Directors want information which is beyond mere fact — they want to understand the inferences that management draws from facts and their insights into matters.

Reducing the length of board packs requires constant review and effort. Imposing a page limit on individual board papers (be it, two, three or four pages for example) can be a helpful strategy to ensure that authors focus on only including relevant information in their papers. This limit is unlikely to be appropriate for all papers and certain papers such as approvals for large capital expenditure projects, acquisitions and divestments, strategy and financial reporting may be exempt from a page limit requirement. If other page limits are to be imposed on certain papers, they should be specifically outlined in the guidelines.

The organisation should also specify whether attachments are included or excluded from their page limits and the length of any attachments. While attachments can be useful to streamline papers, it is generally recognised that their length and number should be kept to a minimum to avoid paper authors shifting voluminous amounts of information to the back of a paper. Generally, attachments should not repeat information that is contained in the body of a paper.

should briefly outline any mandatory structure that paper authors are to follow. For example, whether the organisation has mandated that specific headings be included in all papers, such as 'purpose', 'proposed resolution', 'recommendation', 'executive summary', 'background' and 'next steps'. The specific layout of the paper can then be included in an annotated board paper sample attached to the guidelines (see Appendix 1).

It is common practice for specific content such as the purpose, proposed resolution, recommendation, background and an executive summary to appear at the very front of a paper. The paper's purpose outlines the reason for the paper and identifies the action required by directors. As noted above, it is often framed as 'for information', 'for discussion', 'for recommendation' (where considering at a committee level), 'for noting' or 'for decision'. The purpose must align to the recommendation that management will make to the board.

Where a decision is being sought, the recommendation from management is to contain the exact wording of the proposed resolution that directors are being asked to consider. The guidelines could also contain information to assist authors draft proposed resolutions for the board, such as:

- ensure the resolution is able to stand alone without relying on accompanying text in the paper
- where seeking an approval of a matter / transaction also include a delegation of the authority for specified persons to carry out the actions to effect the matters/ transactions for which approval is sought.

A company secretary should carefully review all proposed resolutions to ensure the wording is clear, concise, achieves the desired result and reflects any applicable legislative or regulatory requirements.

- depending on the topic, content in papers may include strategic, financial and reputational implications, risk assessments, key assumptions, alternative options, sensitivity analysis, stakeholder communication or engagement, regulatory considerations, implementation plans, timelines and key dates
- authors should outline in the papers the key judgements made in reaching any recommended course of action and the reasons for making those judgements
- if directors are being asked to make a decision, set out the key advantages, disadvantages and material risks (both financial and non-financial) of each alternative option available to the board



The critical question to ask is what information the board needs to make a decision and/or to carry out its oversight and monitoring function.

Paper format and content

The guidelines should specify that board papers must be in a consistent format and layout to the extent possible. Matters that are commonly addressed include: details on item numbering, page numbering, spacing, margins, portrait or landscape layout; possible use of colour coding to distinguish between board and different board committees; having the cover page title consistent with the agenda; headings, font and font size; use of tables, charts, attachments, appendices, glossaries and defined terms.

The specific format and layout requirements could be included in the annotated board paper sample.

The guidelines could also include practical tips for paper authors to ensure that the content in papers is relevant, complete and succinct. For example:

- the content in papers must include key information, analysis, options and insights relevant to the topic that supports the request being made to the board

- articulate how the proposal being put forward aligns with the strategic plan or desired operational performance of the organisation
- use charts and tables in the paper — they can be useful to present summarised information and present trends visually.

Organisations may choose to incorporate the author's and executive sponsor's (when there is one) name and title and the date approved in the board paper, so that directors know who is responsible for the paper.

Board committees

Many boards establish board committees that have particular responsibilities and provide informed feedback to the board. The committee's role and activities commonly will be determined by the organisation's constitution and the board. A committee may be empowered with authority to carry out certain acts or its remit may be advisory only.

Typically, the papers considered by committees are either made available to all directors at the time of dispatch or are available to all directors by request to the company secretary. Many board committee charters provide for either option.

It is good governance for an organisation to have a formal mechanism in place for reporting key matters discussed or decisions made by the committee and making recommendations to the board, given that minuting of board committee meetings is a legal obligation for companies. The most common formal mechanism is providing a copy of the minutes of the board committee meetings to the board. It is also common for the chair of the board committee to report to the board following each committee meeting. The different approaches to how this can be done in practice are set out in Good Governance Guide: *Issues to consider when recording and circulating minutes of directors' meetings*.

Board paper guidelines developed by an organisation should apply equally to papers provided to board committees as well as board papers reporting matters from a committee to the board.

Broad-based feedback can also be obtained as part of the board performance review.

Obtaining feedback from the board should be viewed by management or the individuals coordinating the papers as a positive part of the process.

The organisation will need to consider how the feedback obtained will be provided to:

- the relevant authors and presenters of the board papers; and
- those responsible for developing the policies, guidelines and templates

in a way that improves the process.



It is good governance for an organisation to have a formal mechanism in place for reporting key matters discussed or decisions made by the committee and making recommendations to the board

Feedback by the board and its committees

The development of board paper guidelines and template is likely to be an iterative process. It is important for feedback to be obtained from the board and its committees on the content and presentation of the papers on an ongoing basis. This can be achieved more specifically:

- by way of commentary at the conclusion of the meeting in a critique section.
- by completing a feedback form provided at the beginning of the meeting to enable directors to record their feedback in real time.

It is important that the organisation continuously reviews its board paper policies and guidelines to meet the changing needs of the board and responds to the evolving legal and regulatory environment. Accordingly, it is important for the guidelines to stipulate, and for paper authors to be aware, that guidelines and templates will be modified as and when needed. This is particularly important for when new directors join the board so that they can fully contribute to the process.

Chapter 4



Training for board paper writing

Providing board paper training to management or to those individuals who draft the papers is an important way to ensure an organisation's policy and board paper writing guidelines deliver the board's requirements.

Training can consist of either a one-on-one training session delivered by the company secretary or more formalised group training provided by the company secretary or a third party. It can cover two topics; training on the use of the template and guidelines and training on how to write a board paper.

To be effective, board paper training will likely require the support of the chair and CEO.

Board paper training can be conducted on a periodic basis or as a regular part of an annual training program.

Appendix 1

Sample board paper

This is an indicative sample board paper. Each heading is accompanied by an explanation of the purpose of each element of the board paper. This sample board paper should be read in conjunction with Governance Institute's Guidance on board papers

KEY

Explanatory Notes
These notes explain the purpose of each element of the minutes and are provided for education only. The explanatory notes should not appear in the board paper.

PURPLE TEXT = items that are optional, according to company circumstance

BLUE TEXT = items that are recommended as mandatory

[NAME OF ORGANISATION]

Providing the name at the top of the document clearly identifies the identity of the organisation for the user.

[Forum]

The forum is the body that will be receiving the paper and will be either the board or a board committee. Providing the title of the body that holds the meeting is essential for organisational records.

[Date of meeting]

[Agenda item number]

[Paper title]

The title of the paper is to be the same as the item stated on the agenda.

[Name of executive sponsor]

[Name of paper author]

[Date of paper]

The inclusion of the date indicating when the paper was finalised by the author/executive sponsor assists the directors in assessing the currency of the information in the paper.

[Paper type – for example 'For decision']

The paper types are linked to the purpose of the paper and are commonly labelled as papers 'for information', 'for discussion', (which generally may be 'for noting') 'for recommendation' (where considering at a committee level) 'for ratification' or 'for decision'.

Recommendation

The exact wording of the proposed resolution to the board/board committee is included here. If approved without amendment, this is what will appear in the meeting minutes. The proposed resolution should be concise and precise. The resolution when combined with the paper should contain sufficient details to allow the people responsible for any action to know the extent of their authority and responsibilities.

Where a paper is 'For Discussion' or 'For Noting' it is sufficient to note the paper in the minutes.

Purpose and context

The purpose section states the objective of the paper and the request to the board. It is usually framed as: 'to inform', 'to seek approval for', 'to update', 'to notify', 'to delegate authority to' or 'to seek feedback'. Additional information for the context of the paper, such as whether the matter is required by legislation or a charter or whether the matter has been considered by a board committee, may also be included here. This section must be as specific as possible and be brief, no more than five to ten lines.

Executive summary

This section will be a high-level summary of key information and messages enabling directors to quickly understand the paper’s subject matter and will usually be two or three paragraphs. Matters usually included in this section are key considerations, alternatives considered (if relevant), timing, conclusions reached and what the request is endeavouring to achieve. Directors should be able to read this section, the purpose and recommendation on the first page of the paper and readily ascertain the key information and action required.

Background

This section should provide a brief overview of the history of the topic. If the topic has been addressed by the board before, the previous paper should be referred to, or hyperlinked if using a board portal, including its title, date and/or reference number if one is used.

Discussion

This section states the specific issues that management would like to discuss with the board/board committee.

Content specific headings

There is no ‘one size fits all’ sample board paper. The content chosen for the body of the paper will depend on the paper’s purpose and context, as well as the resolution sought (where relevant). The information needs to support the request to the board/board committee and should include key information, material assumptions, analysis, options and insights relevant to the topic, as well as key judgments made in reaching any recommended course of action and relevant implications. The content should comply with the organisation’s guidelines on the preparation of board papers.

The following are examples of content specific headings and content that may be appropriate for a board paper.

Present situation

What the organisation is currently doing or not doing, what others are doing and what are the gaps.

Desired position/outcome

Details of what the organisation aims to achieve.

Alternatives/options

A discussion of the key or realistic alternatives and options.

Strategy implications

An explanation of how the proposal is aligned to the agreed strategic and business plans.

Financial and resource implications

An explanation of the expenditure and resource implications of the proposal. This should take the form of an executive summary approach. If the implications are complex, details may be included in an attachment.

Risk analysis

An analysis of the major risks associated with the proposal and an explanation of how these risks will be managed.

Identified risk	Risk likelihood (H,M,L)	Consequence of risk (H,M,L)	Strategy to manage risk (H,M,L)

Corporate governance and compliance

An outline of the corporate governance implications of the proposal as well as what KPIs, where appropriate, and reporting back to the board will occur during and after implementation.

Next steps

This section should identify the actions that will follow the board’s/board committee’s consideration of a matter, when those actions will be completed and who will be responsible for the actions. It can also include the plan/program and any relevant timing aspects.

[Attachment [X] – [Name of attachment]]

Any attachments to the paper should be noted here and be identified by a reference (ie 1,2 or A,B) and by name.

