



# Due Diligence Policy

## Review Summary

<b>Adopted:</b>	<b>March 2017</b>
<b>Review Cycle:</b>	<b>Annual</b>
<b>Last Review:</b>	<b>August 2020</b>
<b>Next Review:</b>	<b>August 2021</b>

- 1.1. This Policy sets out the framework and requirement that before the Trust agrees to a school joining the Trust, essential due diligence activities are undertaken in order to ensure that it fully understands what it is taking on and the effect this will have on the Trust as a whole.
- 1.2. There are two key purposes to undertaking due diligence:
  - a. Obtain sufficient information about the organisation joining the Trust in order to decide whether the transfer should go ahead
  - b. Any information revealed can be used to provide a better negotiating position in respect of the terms of the transfer.
- 1.3. The aim of this Policy is to ensure that:
  - a. Every Member, Trustee/Director, Governor and Senior Employee understands why the due diligence process is needed and what checks are required.
  - b. The Trust understands exactly what it is acquiring, what the extent of the school improvement task is, that the transferor has the legal right to transfer such assets and the full extent of such liabilities for which the Trust will become responsible.
  - c. The Trust obtains sufficient information through the due diligence exercise, which is appropriately recorded and assessed, thus ensuring that the Board of Trustees can make a fully informed decision on whether the transfer should proceed and that the terms of the transfer are appropriate.

## **2. Definition**

- 2.1. Due diligence is an investigation of an organisation prior to signing a contract.
- 2.2. For the purpose of this document:
  - a. Members, Trustees/Directors, Governors are referred to as Trustees;
  - b. The Ted Wragg Multi Academy Trust is referred to as The Trust;
  - c. Students refers to all students being educated or on site at any one of the schools within the Ted Wragg Multi Academy Trust.

## **3. Legal Framework**

- 3.1. This Policy takes its legal framework from the following legislation and statutory guidance:
  - a. Companies Act 2006;
  - b. The ESFA Academies Financial Handbook;
  - c. The Articles of Association of the Ted Wragg Multi Academy Trust.

## **4. Due Diligence Tests**

- 4.1. The following sets out the due diligence testing areas that should be covered, which have been formulated into a Due Diligence Checklist at Appendix A. The Due Diligence to be undertaken will be appropriate and proportionate to the circumstances of the potential transfer.
  - a. Strategic
  - b. Compliance
  - c. Finance
  - d. Human Resources
  - e. Capital & H&

## **5. Due Diligence Process**

- 5.1. Once the Board of Trustees have provisionally agreed to the school joining the Trust, an instruction is to be given to the Director of Finance and Resources and Chief Accountant to undertake and complete the Due Diligence checklist in Appendix A.
- 5.2. A report is compiled by the Director of Finance and Resources and Chief Accountant and taken in the first instance to the Audit and Resources Committee for discussion and review. The report will include:
  - a. Due Diligence Checklist
  - b. Summary of key findings
  - c. Impact it will have on the other schools within the Trust
  - d. Whether the school can be aligned to the Trust's vision and values
  - e. Impact on the Trust's governance structure
  - f. Benefits to the Trust
  - g. Risks and concerns
- 5.3. The report is then assessed and a conclusion is formulated by the Audit and Resources Committee, which is then taken to the Board of Trustees for a final decision.

## **6. Confidentiality**

- 6.1. Trustees or Senior Employees cannot use information obtained from the Trust, or from the Due Diligence process for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

## **7. Policy Circulation**

- 7.1. This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule
- 7.2. This Policy will be circulated to every Member, Trustee/Director, Governor and Senior Employee by sending an email to the link on the Trust's website on an annual basis and when each new Member, Trustee/Director, Governor and Senior Employee joins the Trust.
- 7.3. The Trustees, in consultation with the Local Governing Bodies, are responsible for overseeing, reviewing and organising the revision of the Due Diligence Policy.

## **Adoption of the Policy**

This Policy has been adopted by the Trustees of the Ted Wragg Multi Academy Trust.

**Signed:**



**(Chair of Trust)**

**Date: 23.09.20**