# **Auditing compliance with Section 54 of the Modern Slavery Act 2015**

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# Background to the contracting authority

The Modern Slavery Act 2015 (the Act) gave law enforcement agencies the tools to target modern slavery, including a maximum life sentences for perpetrators and enhanced protection for victims. The Act also created a legal requirement for certain organisations to report on slavery and exploitation risks in their supply chains. Organisations ‘in scope’ of Section 54 (Transparency in Supply Chains requirements) of the Act must produce an annual statement reporting on the steps they have taken to prevent modern slavery in their business and supply chains.

The Home Office is the lead Government department with responsibility for policy, legislation and related activities for the Modern Slavery Act 2015.

The Home Office is seeking an organisation to support it undertake an audit of compliance with Section 54 of the Act. In addition to whether organisations’ Modern Slavery Statements meet the ‘minimum legal requirements’ stipulated in Section 54 of the Modern Slavery Act, it will also consider whether the Statements meet the key standards set out in Home Office’s statutory guidance ‘Transparency in Supply Chains etc A Practical Guide’.

# Purpose

The Home Office is seeking to create a data set of whether all organisations that are ‘in scope’ of Section 54 are compliant with its obligations. This data set will provide details of whether organisations ‘in scope’ of Section 54 have published a Modern Slavery Statement, and if so whether their Statement meets each of the legal minimum requirements and the standards set out in the statutory guidance.

In order for the supplier to research companies’ compliance, the Home Office will provide a list of organisations identified as falling ‘in scope’ of Section 54 to the supplier.

**Use of the data**

The primary use of the data will be for the Home Office to improve compliance with the legislation. The information provided by the audit will inform future targeted communications to businesses and may also be used to inform enforcement action against non-compliant companies, potentially including publishing a list of non-compliant companies, and/or the use of injunctions against non-compliant companies. (If a business fails to produce a slavery and human trafficking statement for a particular financial year, the Act provides the Secretary of State the power to seek an injunction through the High Court requiring the organisation to comply.)

The data may also inform the Home Office’s future list of ‘in scope’ organisations, for example by determining which organisations report as a group, or do not meet all of the criteria to publish a statement.

# Contracting authority’s responsibilities

Organisations fall in scope of [Section 54 of the Modern Slavery Act 2015](http://www.legislation.gov.uk/ukpga/2015/30/section/54/enacted) if they:

* Are a body corporate or a partnership, (wherever incorporated or formed);
* carry on a business, or part of a business, in the UK;
* supply goods or services; and
* have an annual turnover of £36m or more.

The Home Office will provide a list of organisations that are required to prepare a statement.

The list will include the following information: organisation name, organisation type, companies house number, head office address, website address and date of financial year end.

Ahead the manual audit commencing, the Home Office expects to be able to confirm the compliance status of approximately 5,000 of the ‘in scope’ organisations. The supplier will be provided with a list of approximately 12,000 remaining organisations and will only be required to audit those organisations contained within the data provided.

**Home Office engagement with businesses ahead of the audit**

On October 18th 2018 the Home Office issued approximately 17,000 letters to the CEOs of the organisations believed to be in scope stating their obligations and announcing that the Home Office would commence an audit on March 31st 2019 and potentially name non-compliant organisations after this date.

The letters also provided details of a dedicated mailbox for organisations to contact with questions regarding the criteria organiations must meet in order to be considered ‘in scope’ of the legislation and the standards for compliance ahead of the audit commencing.

In order to ensure the requirements and criteria are understood, the Home Office is publishing updated gov.uk guidance and providing resources and information via a new mailing list.

Ahead of the audit the Home Office will send out a further letter to organisations ‘in scope’ of the requirement providing the opportunity to notify the Home Office if they consider that they are out of scope, as well as a second warning regarding the upcoming audit.

Prior to any publication of the names of non-compliant organisations the Home Office intends to write further letters to those organisations communicating that the audit identified their statement as non-compliant and providing the opportunity to demonstrate compliance with Section 54 or exemption from the requirement.

# The requirement

The audit should identify whether ‘in scope’ organisations have complied with their legal obligations:

1. The Modern Slavery Statement must include details of the steps an organisation has taken to address modern slavery risks in operations and supply chains. If an organisation is not taking any steps to address modern slavery, then they must clearly state this in their Modern Slavery Statement.  A Statement which simply asserts that a ‘company has no modern slavery’ in its business or supply chains without explaining the steps that have been taken to ensure this would not considered compliant.
2. Published on the UK website. The link should be available on the UK homepage. If the organisation does not have a website, a copy of the statement must be provided to anyone whom makes a written request for one.
3. Approved by the Board of Directors (or equivalent management body). In order to demonstrate that this legal requirement has been met, the Home Office expects organisations’ Modern Slavery Statements should clearly state that this approval has been given.
4. Signed by a director (or equivalent).

It is also a legal requirement that relevant organisations prepare a statement every financial year. In the Home Office’s statutory guidance ‘Transparency in Supply Chains etc. A practical guide’ a clear expectation has been set that the statement should be published at most, within six months of the organisation’s financial year end. The audit will therefore also identify whether organisations have published their Modern Slavery Statement within this time frame.

**Groups of companies**

Some large corporate groups may include a number of subsidiary organisations which individually required to publish an annual statement. In this case the subsidiary organisations can choose to publish separate statements, or the group can publish one statement covering all the organisations that meet the criteria.

If a group chooses to publish one statement, covering multiple subsidiaries, it:

* Must cover the steps taken to prevent modern slavery in all of the organisations within that group that meet the criteria, and their supply chains;
* Should clearly name the parent and subsidiary organisations it is covering
* Should be published on the UK websites of all the organisations dealt with in the statement (i.e. that of the parent company and any of its qualifying subsidiary organisations).

We would like the data to include:

1. Whether each organisation on the list provided has published a Modern Slavery Statement or is clearly named as being covered by a ‘group statement’;
2. Whether the Modern Slavery Statement is clearly identifiable as a Statement pursuant to Section 54 of the Modern Slavery Act 2015.
3. Whether the Modern Slavery Statement is published on the UK website of the relevant organisation/s;
4. Whether their Modern Slavery Statement states that it has been approved by the Board of Directors (or equivalent);
5. Whether their Modern Slavery Statement is signed by a director (or equivalent);
6. Whether organisation/s’ latest Modern Slavery Statement has been published within 6 months of the end of their financial year;
7. A link to the Modern Slavery Statement produced where applicable.
8. Whether the Modern Slavery Statement includes details of the steps that an organisation/s is taking to prevent modern slavery or states that the organisation/s is not taking any steps.

Alongside the data we would like a report outlining methodology, headline findings and the steps taken to ensure accuracy.

**Expected project length**

We require the outputs to be delivered within six weeks.

**Target group**

The Home Office will provide a list of organisations required to publish a Modern Slavery Statement.

**Format of outputs**

The Home Office will need to be able to reuse the research output from the audit to write to non-compliant and potentially non-compliant organisations seeking clarification and/or to publish the findings of the audit. The outputs must therefore be provided to Home Office in a format that will allow the Home Office to complete the following activities:

* Identify which individual organisations are compliant and meet the standards set in the Home Office statutory guidance.
* Identify which individual organisations are not compliant
* Identify which individual organisations do not meet the standards set in the Home Office statutory guidance
* Breakdown the basis for non-compliance based on the requirements of a compliant statement.
* Identify individual organisations that are non-compliant in order that follow up activities can be undertaken by Home Office

This should be an Excel spreadsheet following the template provided by the Home Office. The Home Office will need to be able to analyse the data as required and will also require unlimited access to that data.

**Contract Term**

This will be a one-off agreement.

# Auditing compliance

**Finding an organisation’s most recent statement**

Independent registries   
Organisations may have uploaded their statement to [TISC Report](https://tiscreport.org/) or [Modern slavery Registry](https://www.modernslaveryregistry.org/).[[1]](#footnote-1) You can enter the name of the organisation to find out whether their statement is on either website

Organisations’ websites  
In scope organisations should include a link to their statement on their homepage. Alternative options include searching the website, checking where other financial and non-financial reports are stored, and checking any sections on corporate social responsibility or similar.

Search engine  
Organisations may have several websites, or it may be challenging to find it on their

website. An alternative option is to use a search engine to reach the statement directly.

Each statement must be checked against the criteria (a) – (h) listed on page 4 - 5.

You will be auditing organisations’ most recent statements**.** As the reporting requirement was introduced in 2015, many organisations will be on their second or third statement.

**Contact with organisations ‘in scope’ of Section 54**

The auditing process will not include any other contact with organisations ‘in scope’ of the requirement. The audit will seek evidence as to whether organisations have made their statement publicly available, the requirement does not include contacting organisations regarding any issues with their statement or its publication.

The Home Office will undertake its own communications with non-compliant and potentially non-compliant organisations.

# Budget

The budget for this project is £20K to £30K, including VAT and any expenses incurred. A detailed breakdown of costs is required within the proposal.

Annex 1 - Procurement timetable

|  |  |  |
| --- | --- | --- |
| **Due** | **Activity** | **Contact** |
| 4th March 19 | Issue Tender Documents on Contracts Finder |  |
| 8th March 19 | Clarification questions deadline | CollaborativeProcurement@homeoffice.gov.uk |
| w/c 11th March 19 | Responses to Clarification Questions deadline |  |
| **22nd March 19** | **Tender submission Date** | CollaborativeProcurement@homeoffice.gov.uk |
| 29th March | Evaluation & Clarification of tenders |  |
| 1st April 19 | Due diligence |  |
| 2nd April 19 | Award successful supplier |  |
| w/c 1st April 19 | Project Initiation Meeting |  |

1. [Modern slavery Registry](https://www.modernslaveryregistry.org/) and [TISC Report](https://tiscreport.org/) are two independent websites that collate statements. These sites are not government funded or affiliated. Organisations are not legally required to upload their Statements to either registry, however we estimate that approximately 60% of organisations have chosen to do so. Therefore if an organisation has not chosen to upload their statement this will not mean that they do not have one. [↑](#footnote-ref-1)