

Deputy First Minister and Cabinet Secretary for  
Economy and Gaelic  
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit  
airson Eaconamaidh agus Gàidhlig  
Kate Forbes MSP  
Ceit Fhoirbheis BPA



Scottish Government  
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Convenor Edward Mountain  
Net Zero, Energy and Transport Committee  
[netzero.committee@parliament.scot](mailto:netzero.committee@parliament.scot)

Convenor Richard Leonard  
Public Audit Committee  
[Publicaudit.committee@parliament.scot](mailto:Publicaudit.committee@parliament.scot)

30 May 2024

Dear Edward and Richard,

### **Examination of Ferguson Marine Engineering Ltd's (FMEL) financial data**

In his letter to the Public Audit Committee (PAC) of 27 November 2023 the former Economy Cabinet Secretary Neil Gray committed to give an update on the specification of FMEL as a body for the purposes of section 23(2) of the Public Finance and Accountability (Scotland) Act 2000, to permit a forensic examination of its accounting records.

The Auditor General has agreed there is value in conducting an examination of the financial records of FMEL and confirmed to the PAC that Audit Scotland is unable to scrutinise the accounts of FMEL due to its absence in being specified by Scottish Ministers under the 2000 Act.

The 2000 Act gives the Auditor General the power to initiate examinations into the economy, efficiency and effectiveness of certain bodies or officeholders. Orders contemplated by section 23(2) are usually made to apply to existing bodies or officeholders. In the case of FMEL being now dissolved by operation of law following its liquidation, the 2000 Act does not apply.

We are aware that all accounting records from FMEL are currently held in archive by Ferguson Marine (Port Glasgow) Ltd (FMPG), as they were transferred to the company on administration of the former FMEL.

We have explored both statutory and non-statutory methods to enable a forensic examination and concluded that the most efficacious option would be to have the accounting records held by FMPG, passed to independent accountants who could then carry out this examination on our behalf. This method has been agreed with Audit Scotland as meeting their request and I have therefore written formally to request that the FMPG Board agrees the handover of all accounting records to Scottish Government to enable this examination and production of a report.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

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A copy of the final report will be offered to the Board and will also be passed to the relevant Parliamentary Committee and Audit Scotland for comment.

We will update you on the expected timeframe for this report in due course.

Yours sincerely,

**KATE FORBES**

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