

8 November 2023

By email

Richard Leonard MSP
Convener
Public Audit Committee
Scottish Parliament
Edinburgh
EH99 1SP

Dear Convener

Ferguson Marine (Port Glasgow) Holdings Limited

The 2022/23 audit of Ferguson Marine (Port Glasgow) Holdings Limited (FMPG) has concluded and the auditor's opinions on the annual report and accounts are unmodified. The company's directors have highlighted continuing risks and uncertainties in their assessment of going concern in FMPG's Annual Report and Accounts. The auditor has drawn attention to this in their audit certificate. The auditor has also highlighted the continued uncertainty over the final costs and completion dates of the two delayed lifeline ferries, MV Glen Sannox and MV Glen Rosa (vessels 801 and 802), and future revenue streams beyond the delivery of these two vessels.

I am writing to advise the Public Audit Committee that having considered the findings from the 2022/23 annual audit carefully, I have decided not to produce a further section 22 report on FMPG at this time.

My previous section 22 report on the 2021/22 audit of FMPG, which was published in March 2023, highlighted uncertainty over the final costs and completion dates of MV Glen Sannox and MV Glen Rosa (vessels 801 and 802). I also highlighted concerns over £87,000 of performance bonus payments to senior FMPG managers during 2021/22 and that it was not clear how performance was assessed, nor were appropriate frameworks and governance in place.

These areas remain a focus for the audit team and I continue to monitor progress of the vessels closely. Due to the timing of the previous section 22 report, I do not consider the annual audit identifies any substantive new information or developments that would require a section 22 report to be prepared at this time. I welcome the significant advancement of reporting timetables compared with 2021/22, which has meant that the 2022/23 audit was completed in accordance with our planning timelines.

I can confirm that my section 22 report on the 2022/23 audit of the Scottish Government Consolidated Accounts includes details of the build costs for both vessels. It also contains the conclusions from the audit of the due diligence process which resulted in the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy issuing a Written Authority in May 2023 to continue with the build of MV Glen Rosa (vessel 802). I anticipate that I will give evidence to the Committee on this in December 2023.

I confirmed in my letters of 18 May 2023 and 21 August 23 that I intend to prepare a further report examining the full cost of the project once the vessels have been completed. This area

continues to be a feature of my audit work and I will continue to report to the Committee as appropriate.

Yours sincerely

Stephen Boyle
Auditor General for Scotland