



The Scottish Parliament  
Pàrlamaid na h-Alba

## Public Audit Committee

Douglas Ross MSP  
Convener  
Education, Children and Young People Committee

**20 June 2025**

Dear Douglas

### The 2022/23 audit of Forth Valley College

At its [meeting on 4 June 2025](#), the Public Audit Committee took evidence from the Auditor General for Scotland (AGS) on the [above section 22 report](#). I am writing to you to highlight an issue that you may wish to consider as part of your scrutiny of the Tertiary Education and Training (Funding and Governance) (Scotland) Bill.

In his section 22 report, the AGS explains that the purpose of the report is to draw the Scottish Parliament's attention to Forth Valley College's non-compliance with procurement regulations in relation to a college-run environment-themed project. The report explains that the Fuel Change project received over £1 million of public funding<sup>1</sup> between 2020 and 2023.

The section 22 report states that the procurement breach related primarily to—

“a failure by the college to draw up and agree contracts for expenditure totalling over £900,000 over the duration of the project, and a failure by the college to obtain approval to appoint a supplier without competition. The college had financial regulations and a procurement policy and procedures in place. These were not fully followed by college staff. College staff were aware of the absence of a contract and appropriate approvals from the early stages of the project in 2020 but the non-compliant spend was not reported to the Finance Committee until November 2022 despite the opportunity to do so sooner.”

Weaknesses in the project's governance arrangements were also highlighted as a contributing factor to these issues in the section 22 report. During evidence, we heard from Audit Scotland that there is learning to be taken from this issue for the wider college sector and its stakeholders, including the Scottish Funding Council.

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<sup>1</sup> £811,000 from the Scottish Funding Council, £100,000 from Skills Development Scotland and £126,000 from other public sector grants.

Contact: Public Audit Committee, The Scottish Parliament, Edinburgh, EH99 1SP.  
Email [publicaudit.committee@parliament.scot](mailto:publicaudit.committee@parliament.scot). We welcome calls through Relay UK and in BSL through Contact Scotland BSL.

We heard from the AGS that, in the context of the significant financial challenges faced by the college sector, he expects that more colleges will look at different solutions to be able to deliver their objectives, such as engaging in commercial or semi-commercial projects. He explained that this could result in college employees becoming “directors of subsidiaries or more commercially orientated organisations”.

We are aware that the Tertiary Education and Training (Funding and Governance) (Scotland) Bill contains provisions to improve the operation of the Scottish Funding Council and to make changes to its governance and how it oversees tertiary education. We believe that it is vital that the Scottish Funding Council has sufficient powers in place to be able to respond to the emerging risks that increased participation by colleges in commercially orientated activities will bring to the college sector, and to ensure that public money is spent appropriately.

We draw this matter to your attention and ask that you consider it as part of your scrutiny of the Bill.

Yours sincerely,

A handwritten signature in black ink that reads "Richard Leonard". The script is cursive and fluid, with the first name and last name clearly distinguishable.

**Richard Leonard MSP**

**Convener**