



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NATIONAL INSTITUTE OF HIGHER EDUCATION (RESEARCH, SCIENCE AND TECHNOLOGY) FOR THE YEAR ENDED DECEMBER 31, 2012

The accompanying financial statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2012 have been audited. The statements as set on pages 1 to 6 comprise a Balance Sheet as at December 31, 2012, and the Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2012, and Notes to the Financial Statements numbered 1 to 7 including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the National Institute of Higher Education (Research, Science and Technology) (NIHERST) is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit which was carried out in accordance with section 19 (2) of the National Institute of Higher Education (Research, Science and Technology) Act, Chapter 39:58 was conducted in accordance with accepted auditing standards. Those standards require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the adverse audit opinion.

BASIS FOR ADVERSE OPINION

FIXED ASSETS - \$2,101,952.00

6. There was an unexplained difference of \$2,805,582.11 between the figure of \$2,101,952.00 representing net book value on the Financial Statements and the balance of \$4,907,534.11 shown on the fixed asset register.

DEBTORS - \$6,951,791.00

7.1 The above figure of \$6,951,791.00 was overstated by \$3,221,700.00 due to the inclusion of a subvention receivable for the month of September 2012, which was not received in a subsequent period.

7.2 Included in the figure of \$6,951,791.00 are three account balances totaling \$673,285.64 which have been outstanding for over four years.

CREDITORS - \$766,672.00

8. The figure for Sundry Creditors of \$475,217.58 included a brought forward balance of \$375,178.83 which comprised balances dating as far back as the year 2001. Supporting documents to verify these balances were not provided for audit examination.

ACCRUED EXPENSES - \$2,048,508.00

9. The above of \$2,048,508.00 was overstated by \$425,000.00, due to the incorrect accrual of an expense which was based on the issuance of a purchase order. The item was invoiced and received in the 2013 financial year.

DEFERRED INCOME - \$16,506,605.00

10.1 The accounting treatment for Deferred Income was not in accordance with the requirements of International Accounting Standard 20 – Accounting for Government Grants and Disclosure of Government Assistance (IAS 20). There was no evidence that a distinction was made between government grants related to income and government grants related to assets when bringing transactions to account as required by IAS 20. As a result, all government grants were recognized in the Deferred Income account, without taking into account the purpose of the grant and the requisite accounting treatment to be applied.

10.2 In addition, amounts were not being released to the Income Statement from Deferred Income to match the related depreciation and other expenditure as required by IAS 20.

10.3 There was also no evidence that expenditure relating to grants was recognised in the Income and Expenditure Statement during the financial year under review.

GOVERNMENT GRANTS - \$37,191,260.00

11. The figure of \$37,191,260.00 representing Government Grants was overstated by \$3,221,700.00 due to the inclusion of a subvention receivable for the month of September 2012, which was not received in a subsequent period.

MINOR EQUIPMENT PURCHASES -\$442,054.00

12. The figure of \$442,054.00 representing Minor Equipment Purchases was overstated by \$404,212.49 due to the incorrect accrual for an asset expense based on the purchase order date. The item was invoiced and received in the 2013 financial year.

PENSION PLAN ASSET - \$3,347,000.00

13. The disclosures as required by International Accounting Standard 19 – Employee Benefits for the Institute’s Defined Benefit Pension Plan, were not included in the Notes to the financial statements.

ADVERSE OPINION

14. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion at paragraphs 6 to 13 above, the financial statements do not present fairly, the financial position of the National Institute of Higher Education (Research, Science and Technology) as at December 31, 2012 and its financial performance and its cash flows for the year ended December 31, 2012 in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

CONTRACT EMPLOYMENT

15. Ministerial approval for employees who received an annual salary in excess of \$50,000.00 in accordance with section 13(2) of the NIHERST Act, Chapter 39:58 was not provided for audit examination.

SUBMISSION OF REPORT

16. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

**3RD JULY, 2019
PORT-OF-SPAIN**



**LORELLY PUJADAS
AUDITOR GENERAL**

NATIONAL INSTITUTE OF HIGHER EDUCATION
(RESEARCH, SCIENCE & TECHNOLOGY)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
BALANCE SHEET AS AT DECEMBER 31, 2012

	NOTES	2012 \$	2011 \$
<u>FIXED ASSETS</u>	5	2,101,952	2,820,327
<u>CURRENT ASSETS</u>			
Fixed Deposit		2,436,316	2,421,817
Interest Receivable		10,284	10,206
VAT Receivable		3,993,951	2,209,559
Debtors		6,951,791	3,185,017
Prepayments		338,985	323,726
Suspense		20,161	10,933
Cash at Bank		12,768,994	11,429,648
Cash in Hand		8,000	8,000
Pension Plan Asest		3,347,000	3,325,000
		-----	-----
		29,875,482	22,923,906
<u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		2,048,508	237,456
Suspense		0	0
Creditors		766,672	472,046
Deferred Income	6	16,506,605	14,238,071
		-----	-----
		19,321,785	14,947,573
<u>NET CURRENT ASSETS</u>		10,553,697	7,976,333
		-----	-----
<u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>		12,655,649	10,796,660
		=====	=====
<u>FINANCED BY:</u>			
Reserve Balance at Beginning of the		10,796,660	10,609,490
(Deficit)/Surplus for year		1,858,989	(187,170)
Prior Year Adjustments		0	0
		-----	-----
		12,655,649	10,796,660
		=====	=====



President

(As) *Paulo*

Registrar

(As) *Gwelle Druy*

The accompanying notes on pages 4 to 5 form an integral part of these Financial Statements.

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	\$	\$
<u>INCOME</u>		
Government Grants	37,191,260	29,714,369
Interest Income	21,203	36,248
Miscellaneous Receipts	1,085,223	1,299,220
Pension Plan Income	22,000	300,000
	38,319,686	31,349,837
	38,319,686	31,349,837
 <u>EXPENDITURE</u>		
Personnel Expenditure	5,439,377	6,366,022
Goods and Services	7 26,866,130	19,642,741
Audit Fees	120,000	45,000
Pension & Gratuities	1,412,971	1,443,670
Health Plan Contributions	180,957	91,241
Board Fees	555,600	611,700
Loss on Disposal	0	5,696
Minor Equipment Purchases	442,054	136,496
Depreciation Charge:		
Equipment and Machinery	400,276	803,122
Furniture and Fittings	74,895	65,585
Motor Vehicles	44,693	80,092
Exhibits	923,744	1,871,302
	36,460,697	31,162,667
	36,460,697	31,162,667
Surplus (Deficit) for year	1,858,989	187,170

The accompanying notes on pages 4 to 5 form an integral part of these Financial Statements.

NATIONAL INSTITUTE OF HIGHER EDUCATION
(RESEARCH, SCIENCE AND TECHNOLOGY)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,2012

	2012	2011
	\$	\$
OPERATING ACTIVITIES		
(Deficit)/Surplus	1,858,989	187,170
Adjustments:		
Disposal of Assets	2	5,695
Depreciation	1,443,608	2,820,101
Decrease in Deferred income	2,268,534	(168,946)
<u>Sub Total</u>	5,571,133	2,844,020
Decrease in Accrued Expenses	1,811,052	(806,476)
Increase in Creditors	294,626	29,951
<u>Sub Total</u>	2,105,678	(776,525)
Increase in Vat Receivable	(1,784,392)	(1,246,917)
Increase in Receivables - Interest	(78)	14,153
Increase in Debtors	(3,766,774)	(641,949)
Decrease in Prepayments	(15,259)	14,488
Decrease in Suspense	(9,228)	(70,471)
<u>Sub Total</u>	(5,575,731)	(1,930,696)
CASH PROVIDED BY OPERATING ACTIVITIES	2,101,080	136,799
 INVESTING ACTIVITIES		
Purchase of Fixed Assets	(725,235)	(468,712)
Increase in Fixed Deposit	(14,499)	(35,836)
CASH PROVIDED USED IN INVESTING ACTIVITIES	(739,734)	(504,548)
 FINANCING ACTIVITIES		
Loans	0	0
Repayment of loans for year	0	0
CASH PROVIDED USED IN FINANCING ACTIVITIES	0	0
 Net Increase/(Decrease) in Cash/Cash Equivalents	1,361,346	(367,749)
Prior Year Adjustments	0	0
Pension Plan Assets	(22,000)	(300,000)
Cash and Cash Equivalents at the beginning of the year	11,437,648	12,105,397
 CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>12,776,994</u>	<u>11,437,648</u>
 CASH AND CASH EQUIVALENTS/ REPRESENTED BY		
Cash at Bank	12,768,994	11,429,648
Cash in Hand	8,000	8,000
	<u>12,776,994</u>	<u>11,437,648</u>

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NATIONAL INSTITUTE OF HIGHER EDUCATION
(Research, Science & Technology)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1. INCORPORATION AND ACTIVITIES

The National Institute of Higher Education (Research, Science and Technology) (NIHERST) is a Statutory Authority incorporated by Act of Parliament No. 20 which was assented to on June 28, 1984. The principal objectives of the Institute at the present time are to promote science and technology in society through non-functional and formal science education programmes, to encourage innovation and invention, to compile science and technology indicators and to carry out studies which inform policy in science and technology.

2. REPORTING CURRENCY

These financial statements are expressed in Trinidad and Tobago currency.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Convention

The financial statements of the Institute have been prepared under the historical cost convention. The Institute's accounting policies conform with International Financial Reporting Standards.

B. The Institute's year end is December 31st.

C. Government Grants, Contributions and Donations

The Institute's operations are funded in the main by Government Grants on the basis of an annual budget approved by the Government of Trinidad and Tobago. Contribution/Donations are received from Companies/Organisations to assist with the expenses for a particular event/activity undertaken by the Institute.

D. Fixed Assets and Depreciation

All Fixed Assets are recorded at cost. Depreciation is provided at rates estimated to write off fixed assets over their expected useful lives. For each category of fixed asset the rates per annum used are as follows:

Furniture and Fittings	-	10 years	10% per annum
Equipment and Machine	-	3 years	33 1/3% per annum
Motor Vehicles	-	4 years	25% per annum
Exhibits	-	4 years	25% per annum

4. EMPLOYEE RETIREMENT BENEFITS

Certain employees of the Institute are members of the NIHERST Pension Fund Plan. The Plan is a defined plan, the assets of which are held separately from those of the Institute, in an independently, trustee-administered fund.

NATIONAL INSTITUTE OF HIGHER EDUCATION
(Research, Science & Technology)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

5. FIXED ASSETS SCHEDULE 2012

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL
COST:	\$	\$	\$	\$	\$
B/F 2012 At beginning of the	10,499,238	1,128,214	408,471	12,536,500	24,572,423
Acquisitions 2012	514,371	210,864	0		725,235
Disposals/Adjustments	(14,376)	0	0	0	(14,376)
	<u>10,999,233</u>	<u>1,339,078</u>	<u>408,471</u>	<u>12,536,500</u>	<u>25,283,282</u>
Accumulated Depreciation:					
B/F 2012 At beginning of the	9,632,665	759,580	361,915	10,997,936	21,752,096
Disposals/Adjustments	(14,374)	0	0	0	(14,374)
2012 Charge	400,276	74,895	44,693	923,744	1,443,608
	<u>10,018,567</u>	<u>834,475</u>	<u>406,608</u>	<u>11,921,680</u>	<u>23,181,330</u>
NET BOOK VALUE AT					
2012 DECEMBER 31	<u>980,666</u>	<u>504,603</u>	<u>1,863</u>	<u>614,820</u>	<u>2,101,952</u>
NET BOOK VALUE AT					
2011 DECEMBER 31	<u>866,573</u>	<u>368,634</u>	<u>46,556</u>	<u>1,538,564</u>	<u>0</u> <u>2,820,327</u>

6. DEFERRED INCOME

	2012	2011
I) Cash Donations	\$	\$
Balance as at January 1, 2012	14,184,906	14,334,503
Increases for the year 2012*	9,350,702	6,486,718
Decreases for the year 2012**	<u>(7,062,819)</u>	<u>(6,636,315)</u>
Sub-Total	16,472,789	14,184,906
II) Non Cash Donations		
Balance as at January 1, 2012	53,165	72,514
Less Decreases for the year 2012	0	0
Increases for the year 2012*	0	0
Less Depreciation for the year 2012	(19,349)	(19,349)
Sub-Total	<u>33,816</u>	<u>53,165</u>
Total Deferred Income	<u>16,506,605</u>	<u>14,238,071</u>

* Included in the Increases is Public Sector Investment Programme (PSIP) funding totalling \$6,253,000. Funding was provided in the main for the following activities: (a) Sci-Techknofest (b) Development of a Innovation System (Young Innovators and Inventors Award) and c) President's awards for Excellence in Science and Technology.

** Included in the Decreases is Public Sector Investment Programme (PSIP) expenses totalling \$5,980,243. Other funds shown in the deferred income account were received from various Organisations to sponsor specific projects. Expenses incurred on these projects are applied directly to the sponsored funds.

7. GOODS AND SERVICES	2012	2011
	\$	\$
Travelling	646,940	792,893
Uniforms	64,435	50,020
Electricity	542,243	541,162
Telephone	616,191	633,499
Water and Sewerage	22,586	39,430
Rent/Lease-Office Accomodation	4,335,879	3,428,706
Rent/Lease-Vehicles & Equipment	325,712	338,227
Office Stationery and Supplies	423,525	394,348
Books and Periodicals	166,451	90,969
Materials and Supplies	114,634	225,879
Maintenance of Vehicles	153,124	99,134
Repairs and Maintainance-Equipment	189,855	160,980
Contract Employment	7,389,081	6,270,288
Training	216,514	302,653
Official Entertainment	20,808	
Repairs & Maintenance-Buildings	962,310	889,033
Short Term Employment	1,416,876	949,820
Fees	292,757	272,432
Official Overseas Travel	277,565	301,183
Other Contracted Services	658,061	964,741
Janitorial Services	161,198	275,589
Security Services	601,585	683,792
Postage	19,020	7,118
Insurance	223,767	217,118
Promotions,Publicity & Printing	718,405	858,095
Hosting of Conferences & Seminars	6,250,973	1,355,076
Employee Assistant Programme	38,250	37,134
Total Goods and Services	<u>26,848,745</u>	<u>20,179,319</u>