



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, 2013

The accompanying Financial Statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2013 have been audited. The Statements as set on pages 1 to 6 comprise a Balance Sheet as at December 31, 2013, and the Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2013, 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 – (\$971,738.00)

6.1 The net book value of Fixed Assets shown in the financial statements reflected an unexplained credit balance of (\$971,738.00).

6.2 In addition, there was a difference of \$5,017,306.59 between the figure of (\$971,738.00) representing net book value at Note 5 of the Financial Statements and the balance of \$4,045,568.59 shown in the general ledger.

6.3 There was also a difference of \$4,407,564.27 between the balance shown in the general ledger and the balance of \$8,453,132.86 shown in the fixed asset register.

DEBTORS - \$4,561,222.00

7. The above figure of \$4,561,222.00 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.

PREPAYMENTS - \$2,550,359.00

8. Payments for exhibits totalling \$2,163,525.04 for Sci-Techknofest 2013, recognized as a prepayment in the prior year, was not reversed in the current period. As a result, the figure of \$2,550,359.00 representing Prepayments is overstated by \$2,163,525.04.

PENSION PLAN ASSET - \$3,347,000.00

9.1 The actuarial valuation for the Institute's defined benefit pension plan stated that a defined benefit asset totalling \$4,466,000.00 was held by the Institute as at 31st December 2013. This differed from the figure of \$3,347,000.00 shown on the financial statements by \$1,119,000.00.

9.2 The relevant disclosures as required by International Accounting Standard (IAS) 19 Employee Benefits were not included in the Notes to the financial statements.

ACCRUED EXPENSES - \$1,324,188.00

10. There was an unexplained difference of \$1,715,951.14 between the figure shown above and the balance of \$3,040,139.14 shown in the general ledger.

CREDITORS - \$601,363.00

11. Included in the above figure were amounts totalling \$330,000.00 which represent accruals made for audit fees dating as far back as the year 2001. These amounts should have been classified under Accrued Expenses in the financial statements.

DEFERRED INCOME - \$32,982,088.00

12.1 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.

12.2 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.

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

MINOR EQUIPMENT PURCHASES - \$0.00

13. The Minor Equipment account in the general ledger reflected an unexplained credit balance of \$1,292,091.60. This credit balance also differed from the nil balance shown on 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, 2013 and its financial performance and its cash flows for the year ended December 31, 2013 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**




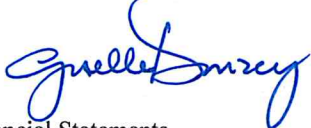
Lorelly Pujadas
**LORELLY PUJADAS
AUDITOR GENERAL**

SS
20190703

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

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2013

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
BALANCE SHEET AS AT DECEMBER 31, 2013

	NOTES	2013	2012
		\$	\$
<u>FIXED ASSETS</u>	5	-971,738	2,101,952
 <u>CURRENT ASSETS</u>			
Fixed Deposit		2,450,913	2,436,316
Interest Receivable		10,366	10,284
VAT Receivable		1,663,063	3,993,951
Debtors		4,561,222	6,951,791
Prepayments		2,550,359	338,985
Suspense		281,630	20,161
Cash at Bank		31,198,764	12,768,994
Cash in Hand		7,513	8,000
Pension Plan Asest		3,347,000	3,347,000
		-----	-----
		46,070,830	29,875,482
 <u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		1,324,188	2,048,508
Suspense		0	0
Creditors		601,363	766,672
Deferred Income	6	32,982,088	16,506,605
		-----	-----
		34,907,639	19,321,785
 <u>NET CURRENT ASSETS</u>			
		11,163,191	10,553,697
 <u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>			
		-----	-----
		10,191,453	12,655,649
		=====	=====
 <u>FINANCED BY:</u>			
Reserve Balance at Beginning of the year		12,655,649	10,796,660
(Deficit)/Surplus for year		-2,464,196	1,858,989
Prior Year Adjustments		0	0
		-----	-----
		10,191,453	12,655,649
		=====	=====
		0	0
President (As) 			
Registrar (As) 			



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, 2013

	2013	2012
	\$	\$
<u>INCOME</u>		
Government Grants	33,013,870	37,191,260
Interest Income	21,297	21,203
Miscellaneous Receipts	1,349,549	1,085,223
Pension Plan Income	0	22,000
	34,384,716	38,319,686
	34,384,716	38,319,686
 <u>EXPENDITURE</u>		
Personnel Expenditure	6,083,867	5,439,377
Goods and Services	7 24,144,694	26,731,130
Audit Fees	0	120,000
Pension & Gratuities	1,797,655	1,412,971
Health Plan Contributions	190,459	180,957
Board Fees	469,480	555,600
Loss on Disposal	0	0
Minor Equipment Purchases	0	442,054
Depreciation Charge:		
Equipment and Machinery	3,834,648	400,276
Furniture and Fittings	167,992	74,895
Motor Vehicles	160,118	44,693
Exhibits	0	923,744
	36,848,912	36,325,697
	36,848,912	36,325,697
Surplus (Deficit) for year	(2,464,196)	1,993,989

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, 2013

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
(Deficit)/Surplus	(2,464,196)	1,858,989
Adjustments:		
Disposal of Assets	0	2
Depreciation	4,162,757	1,443,608
Decrease in Deferred income	16,475,483	2,268,534
<u>Sub Total</u>	18,174,044	5,571,133
Decrease in Accrued Expenses	(724,320)	1,811,052
Increase in Creditors	(165,309)	294,626
<u>Sub Total</u>	(889,629)	2,105,678
Increase in Vat Receivable	2,330,888	(1,784,392)
Increase in Receivables - Interest	(82)	(78)
Increase in Debtors	2,390,569	(3,766,774)
Decrease in Prepayments	(2,211,374)	(15,259)
Decrease in Suspense	(261,469)	(9,228)
Sub Total	2,248,532	(5,575,731)
CASH PROVIDED BY OPERATING ACTIVITIES	19,532,947	2,101,080
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,089,067)	(725,235)
Increase in Fixed Deposit	(14,597)	(14,499)
CASH PROVIDED USED IN INVESTING ACTIVITIES	(1,103,664)	(739,734)
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	18,429,283	1,361,346
Prior Year Adjustments	0	0
Pension Plan Assets	0	(22,000)
Cash and Cash Equivalents at the beginning of the year	12,776,994	11,437,648
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>31,206,277</u>	<u>12,776,994</u>
CASH AND CASH EQUIVALENTS/ REPRESENTED BY		
Cash at Bank	31,198,764	12,768,994
Cash in Hand	7,513	8,000
	<u>31,206,277</u>	<u>12,776,994</u>

0

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 Machinery	-	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, 2013

5. FIXED ASSETS SCHEDULE 2013

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL
COST:	\$	\$	\$	\$	\$
B/F 2013 At beginning of the year	10,999,233	1,339,078	408,471	12,536,500	25,283,282
Acquisitions 2013	516,226	340,841	232,000	0	1,089,067
Disposals/Adjustments	0	0	0	0	0
	<u>11,515,459</u>	<u>1,679,919</u>	<u>640,471</u>	<u>12,536,500</u>	<u>26,372,349</u>
Accumulated Depreciation:					
B/F 2013 At beginning of the year	10,018,567	834,475	406,608	11,921,680	23,181,330
Disposals/Adjustments	0	0	0	0	0
2013 Charge	3,834,648	167,992	160,118	0	4,162,757
	<u>13,853,215</u>	<u>1,002,467</u>	<u>566,726</u>	<u>11,921,680</u>	<u>27,344,087</u>
NET BOOK VALUE AT 2013 DECEMBER 31	<u>-2,337,756</u>	<u>677,452</u>	<u>73,745</u>	<u>614,820</u>	<u>-971,738</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>0 2,101,952</u>

6. DEFERRED INCOME

	2013	2012
I) Cash Donations	\$	\$
Balance as at January 1, 2013	16,472,789	14,184,906
Increases for the year 2013*	31,650,320	9,350,702
Decreases for the year 2013**	<u>(15,174,837)</u>	<u>(7,062,819)</u>
Sub-Total	32,948,272	16,472,789
II) Non Cash Donations		
Balance as at January 1, 2013	33,816	53,165
Less Decreases for the year 2013	0	0
Increases for the year 2013*	0	0
Less Depreciation for the year 2013	0	(19,349)
Sub-Total	<u>33,816</u>	<u>33,816</u>
Total Deferred Income	<u>32,982,088</u>	<u>16,506,605</u>

* Included in the Increases is Public Sector Investment Programme (PSIP) funding totalling \$30,074,000.

Funding was provided in the main for the following activities: (a) Sci-Techknofest (b) Development of a Innovation System (Young Innovators and Inventors Award); (c) President's awards for Excellence in Science and Technology and (d) Construction of a National Science Centre

** Included in the Decreases is Public Sector Investment Programme (PSIP) expenses totalling \$14,358,776.

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	2013	2012
	\$	\$
Travelling	454,776	646,940
Uniforms	71,212	64,435
Electricity	589,036	542,243
Telephone	664,662	616,191
Water and Sewerage	12,011	22,586
Rent/Lease-Office Accomodation	4,164,848	4,335,879
Rent/Lease-Vehicles & Equipment	353,727	325,712
Office Stationery and Supplies	416,943	423,525
Books and Periodicals	122,410	166,451
Materials and Supplies	282,039	114,634
Maintenance of Vehicles	193,494	153,124
Repairs and Maintainance-Equipment	148,985	189,855
Contract Employment	7,687,398	7,389,081
Training	371,637	216,514
Official Entertainment	-	20,808
Repairs & Maintenance-Buildings	788,098	962,310
Short Term Employment	1,789,695	1,416,876
Fees	160,120	292,757
Official Overseas Travel	182,971	277,565
Other Contracted Services	1,363,237	658,061
Janitorial Services	288,620	161,198
Security Services	1,000,069	601,585
Postage	26,229	19,020
Insurance	285,065	223,767
Promotions,Publicity & Printing	954,627	718,405
Hosting of Conferences & Seminars	1,703,818	6,250,973
Employee Assistant Programme	29,783	38,250
Total Goods and Services	<u>24,105,510</u>	<u>26,848,745</u>