



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, 2011

The accompanying Financial Statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2011 have been audited. The Statements as set on pages 1 to 6 comprise a Balance Sheet as at December 31, 2011, an Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2011 and Notes to the Financial Statements numbered 1 to 7.

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 \$2,820,327.00

6. Assets purchased using government grant funding were not capitalized and brought to account under Fixed Assets in some instances. This resulted in a misstatement of \$1,241,124.07 in the previous year which remained uncorrected during the period under review.

DEBTORS \$1,044,253.00

7.1 The figure of \$1,044,253.00 representing Debtors in the Financial Statements was understated by \$2,114,900.00 due to the omission of subvention receivable in the financial statements.

7.2 Included in the figure of \$1,044,252.00 are account balances totaling \$673,285.64 which have been outstanding for six (6) years.

DEFINED BENEFIT PENSION ASSET \$3,325,000.00

8.1 A Defined Benefit Pension Plan has been implemented for certain employees of NIHERST. In accordance with International Accounting Standard (IAS) 19 - Employee Benefits, a Net Defined Benefit Pension asset/liability should be recognized on the Balance Sheet of NIHERST at the end of the reporting period.

8.2 An actuarial valuation conducted for NIHERST revealed that a Net Defined Pension Asset totaling 3,325,000.00 existed as at 31 December 2011. However, this asset was not recognized on the Balance Sheet resulting in Total Assets being understated by 3,325,000.00.

CREDITORS \$806,770.00

9.1 The figure of \$806,770.00 representing Creditors in the financial statements differed from the figure of \$472,043.15 shown in the general ledger by \$334,726.85 due in part to the write off of creditor balances totalling \$473,889.91 in the general ledger which was not reflected in the financial statements.

9.2 There was an unexplained difference of \$488,489.00 between the comparative figure for Creditors of \$930,584 shown in the 2011 financial statements and the figure of \$442,095.00 shown in the 2010 certified financial statements.

DEFERRED INCOME \$14,346,395.00

10.1 Several instances were seen where PSIP grants were not brought to account in the correct reporting period, as a result, the Grants- PSIP account in the general ledger account was understated by \$8,825,000.00.

10.2 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 recognised in the Deferred Income account, without taking into account the purpose of the grant and the requisite accounting treatment to be applied.

10.3 In addition, the requisite 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. As a result of this, there is a risk that the Deferred Income Account is materially overstated.

GOVERNMENT GRANTS \$29,106,841.00

11. There was an unexplained difference of \$607,528.00 between the figure of \$29,106,841.00 representing Government Grants in the financial statements and the audited figure of \$29,714,369.00.

MISCELLANEOUS RECEIPTS \$1,807,512.00

12. The figure of \$1,807,512.00 representing Miscellaneous Receipts in the financial statements was overstated by \$527,640.52 due to the following reasons:

- Journal adjustments totaling \$227,640.52 (debit) on sub-account General Administration were not included on the financial statements
- An item described as Pension Income (actuarial gains) in the amount of \$300,000.00 was incorrectly recognised as income in the books of the Institute and included under Miscellaneous Receipts on the financial statements.

GOODS & SERVICES \$20,059,394.00

13. There was an unexplained difference of \$416,653.30 between the figure of \$20,059,394.00 representing Goods and Services on the financial statements and the figure of \$19,642,740.70 shown on the Trial Balance.

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, 2011 and its financial performance and its cash flows for the year ended December 31, 2011 in accordance with International Financial Reporting Standards.

LEGAL AND OTHER REGULATORY REQUIREMENTS

Personnel Expenditure \$6,366,022.00

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.

**9TH MAY, 2018
PORT-OF-SPAIN**




**MAJEED ALI
AUDITOR GENERAL**

SS
20180509

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

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2011

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
BALANCE SHEET AS AT DECEMBER 31, 2011

| | NOTES | 2011 | 2010 |
|--|-------|-----------|------------|
| | | \$ | \$ |
| <u>FIXED ASSETS</u> | 5 | 2820,327 | 5177,411 |
| <u>CURRENT ASSETS</u> | | | |
| Fixed Deposit | | 2421,817 | 2385,981 |
| Interest Receivable | | 10,206 | 24,359 |
| VAT Receivable | | 2208,911 | 962,642 |
| Debtors | | 1044,253 | 1421,087 |
| Prepayments | | 257,721 | 338,214 |
| Suspense | | | |
| Cash at Bank | | 11429,648 | 12097,397 |
| Cash in Hand | | 8,000 | 8,000 |
| | | ----- | ----- |
| | | 17380,556 | 17237,680 |
| <u>LESS</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Accrued Expenses | | 237,456 | 1043,932 |
| Suspense | | 59,538 | 59,538 |
| Creditors | | 806,770 | 930,584 |
| Deferred Income | 6 | 14346,395 | 14541,204 |
| | | ----- | ----- |
| | | 15450,159 | 16575,258 |
| <u>NET CURRENT ASSETS</u> | | 1930,397 | 662,422 |
| | | | |
| <u>TOTAL ASSETS LESS TOTAL LIABILITIES</u> | | ----- | ----- |
| | | 4750,724 | 5839,833 |
| | | ===== | ===== |
| <u>FINANCED BY:</u> | | | |
| Reserve Bal. at Beginning of the year | | 5839,833 | 7523,777 |
| (Deficit)/Surplus for year | | (703,719) | (1683,944) |
| Prior Year Adjustments | | (385,390) | 0 |
| | | ----- | ----- |
| | | 4750,724 | 5839,833 |
| | | ===== | ===== |

Director

Prokesh Persad

Director

Armen Iwan



NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | 2011 | 2010 |
|----------------------------|-------------|------------|
| | \$ | \$ |
| <u>INCOME</u> | | |
| Government Grants | 29106,841 | 23998,274 |
| Interest Income | 36,248 | 122,859 |
| Miscellaneous Receipts | 1807,512 | 788,807 |
| | 30950,601 | 24909,940 |
| | 30950,601 | 24909,940 |
| <u>EXPENDITURE</u> | | |
| Personnel Expenditure | 6366,022 | 5204,427 |
| Goods and Services | 7 20059,394 | 16459,581 |
| Audit Fees | 120,000 | 40,000 |
| Pension & Gratuities | 1443,670 | 1141,209 |
| Health Plan Contributions | 91,241 | 97,537 |
| Board Fees | 611,700 | 105,292 |
| Loss on Disposal | 5,696 | 0 |
| Minor Equipment Purchases | 136,496 | 15,687 |
| Depreciation Charge: | | |
| Equipment and Machinery | 803,122 | 1622,963 |
| Furniture and Fittings | 65,585 | 65,437 |
| Motor Vehicles | 80,092 | 80,092 |
| Exhibits | 1871,302 | 1761,659 |
| | 31654,320 | 26593,884 |
| | 31654,320 | 26593,884 |
| Surplus (Deficit) for year | (703,719) | (1683,944) |

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 31,2011

| | 2011 | 2010 |
|--|------------------|-------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| (Deficit)/Surplus | (703,719) | (1683,944) |
| Adjustments: | | |
| Disposal of Assets | 5,695 | 0 |
| Depreciation | 2820,101 | 3530,151 |
| Decrease in Deferred income | (194,809) | (1064,569) |
| <u>Sub Total</u> | 1927,268 | 781,638 |
| Decrease in Accrued Expenses | (806,476) | 321,251 |
| Increase in Creditors | (123,814) | 25,766 |
| <u>Sub Total</u> | (930,290) | 347,017 |
| Increase in Vat Receivable | (1246,269) | 460,961 |
| Increase in Receivables - Interest | 14,153 | 12,737 |
| Increase in Debtors | 376,834 | (6,121) |
| Decrease in Prepayments | 80,493 | (81,966) |
| Decrease in Suspense | 0 | 0 |
| Sub Total | (774,789) | 385,611 |
| CASH PROVIDED BY OPERATING ACTIVITIES | 222,189 | 1514,266 |
| INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (468,712) | (1167,238) |
| Increase in Fixed Deposit | (35,836) | (53,091) |
| CASH PROVIDED USED IN INVESTING ACTIVITIES | (504,548) | (1220,329) |
| 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 | (282,359) | 293,937 |
| Prior Year Adjustments | (385,390) | 0 |
| Cash and Cash Equivalents at the beginning of the year | 12105,397 | 11811,460 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 11437,648 | 12105,397 |
| CASH AND CASH EQUIVALENTS/ REPRESENTED BY | | |
| Cash at Bank | 11429,648 | 12097,397 |
| Cash in Hand | 8,000 | 8,000 |
| | <u>11437,648</u> | <u>12105,397</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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-formal 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, 2011

5. FIXED ASSETS SCHEDULE 2011

| | Equipment | Furniture & Fittings | Motor Vehicles | Exhibits | TOTAL |
|---|------------------|----------------------|----------------|------------------|------------------|
| COST: | | | | | |
| B/F 2011 At beginning of the year | \$ 10914,244 | \$ 1046,371 | \$ 408,471 | \$ 12468,306 | \$ 24837,392 |
| Acquisitions 2011 | 318,675 | 81,843 | 0 | 68,194 | 468,712 |
| Disposals/Adjustments | (733,681) | 0 | 0 | 0 | (733,681) |
| | <u>10499,238</u> | <u>1128,214</u> | <u>408,471</u> | <u>12536,500</u> | <u>24572,423</u> |
| Accumulated Depreciation: | | | | | |
| B/F 2011 At beginning of the year | 9557,529 | 693,995 | 281,823 | 9126,634 | 19659,981 |
| Disposals/Adjustments | (727,986) | 0 | 0 | 0 | (727,986) |
| 2011 Charge | 803,122 | 65,585 | 80,092 | 1871,302 | 2820,101 |
| | <u>9632,665</u> | <u>759,580</u> | <u>361,915</u> | <u>10997,936</u> | <u>21752,096</u> |
| NET BOOK VALUE AT 2011 DECEMBER 31 | <u>866,573</u> | <u>368,634</u> | <u>46,556</u> | <u>1538,564</u> | <u>2820,327</u> |
| NET BOOK VALUE AT 2010 DECEMBER 31 | <u>1356,715</u> | <u>352,376</u> | <u>126,648</u> | <u>3341,672</u> | <u>0</u> |
| 6. DEFERRED INCOME | | | | | |
| | | 2011 | | 2010 | |
| I) Cash Donations | | \$ | | \$ | |
| Balance as at January 1, 2011 | | 14468,690 | | 15513,910 | |
| Increases for the year 2011* | | 6486,718 | | 2219,211 | |
| Decreases for the year 2011** | | (6662,178) | | (3264,431) | |
| Sub-Total | | 14293,230 | | 14468,690 | |
| II) Non Cash Donations | | | | | |
| Balance as at January 1, 2011 | | 72,514 | | 91,863 | |
| Less Decreases for the year 2011 | | 0 | | 0 | |
| Increases for the year 2011* | | 0 | | 0 | |
| Less Depreciation for the year 2011 | | (19,349) | | (19,349) | |
| Sub-Total | | 53,165 | | 72,514 | |
| Total Deferred Income | | <u>14346,395</u> | | <u>14541,204</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-Technofest (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

| | 2011 | 2010 |
|------------|---------|---------|
| | \$ | \$ |
| Travelling | 792,893 | 430,328 |
| Uniforms | 50,020 | 65,642 |

| | | |
|------------------------------------|------------------|------------------|
| Electricity | 541,162 | 522,008 |
| Telephone | 633,499 | 632,874 |
| Water and Sewerage | 39,430 | 14,020 |
| Rent/Lease-Office Accomodation | 3428,706 | 3231,752 |
| Rent/Lease-Vehicles & Equipment | 338,227 | 395,657 |
| Office Stationery and Supplies | 394,348 | 354,281 |
| Books and Periodicals | 90,969 | 80,823 |
| Materials and Supplies | 225,954 | 172,399 |
| Maintenance of Vehicles | 99,134 | 115,271 |
| Repairs and Maintainance-Equipment | 160,980 | 158,142 |
| Contract Employment | 6270,288 | 4866,880 |
| Training | 302,653 | 337,973 |
| Repairs & Maintenance-Buildings | 889,033 | 518,000 |
| Short Term Employment | 949,820 | 599,338 |
| Fees | 272,432 | 76,385 |
| Official Overseas Travel | 301,183 | 5,651 |
| Other Contracted Services | 964,741 | 1012,308 |
| Janitorial Services | 275,589 | 121,711 |
| Security Services | 683,792 | 638,813 |
| Postage | 7,118 | 48,185 |
| Insurance | 217,118 | 229,494 |
| Promotions,Publicity & Printing | 858,095 | 633,810 |
| Hosting of Conferences & Seminars | 1355,076 | 1208,778 |
| Employee Assistant Programme | 37,134 | 29,058 |
| Total Goods and Services | <u>20179,394</u> | <u>16499,581</u> |