

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 864

Dated: 08/06/2017

ORDER

Whereas, the request of Dayanand Model Secondary School, B-Block, Vivek Vihar, Delhi-110095 for increase in fee for the academic session 2016-17 was rejected by Director (Education) vide order No.F.DE.15/Act-1/WPC-4109/PART/13/116-120 dated 26.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Dy. Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of Dayanand Model Secondary School against the fee hike rejection order of this Directorate and had decided to give an opportunity to the school to be heard in person.

And whereas, a committee was constituted to hear the case of the school in detail with a view to assist the Director of Education to dispose of the representation.

And whereas, in this connection, an opportunity of being heard had been provided to the Manager/HoS of Dayanand Model Secondary School on 12.05.2017 at 02.30PM at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

And whereas, the submissions of the schools were heard by the above said committee on 12.05.2017 at 02.30 PM and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school are taken on record and analyzed in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions issued there-under.

Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Development Fees collected by the school has not been utilised fully and separate reserve fund is not created against this fees. (Clause 14 of Directorate of Education, order no.F.DE/15(56)/Act/2009/77 8 dated 11th Feb.2009). Total development fee collected during the last three years 2013- 14, 2014- 5 and 2015-16 is Rs.66.08 lac against which only Rs. 33.90 lac is spent on capital purchase. The above leaves a surplus of Rs. 32.18 Lac which is not shown separately in the balance sheet as reserve. Development fee received is shown in income and	The school is maintaining a separate depreciation reserve fund. The treatment of development fee as revenue receipts instead of capital receipts may not be the sole criteria for rejection of school fee hike proposal/ application and the overall consideration should be given on how the amount was spent.	The School should follow the DOE's instructions in this regard.

	expenditure account and is not treated as a capital receipt. The school is also not maintaining depreciation reserve fund corresponding to the provision for depreciation created over the three years.		
2.	Un-refunded caution money worth Rs.4.57 Lac belong to ex-students collected in earlier years (caution money collected prior to year 2000) was not deposited separately in a Scheduled bank in the name of school and not refunded along with interest thereon to ex-students (Clause 18 of DOE order no.F.DE/15 (56)/Act/2009/778 dated 11th Feb.2009). Further, after expiry of 30 days the un-refunded Caution money belonging to ex-students has not been transferred to income and is shown as liability in the balance sheet. The effect of the same has been considered in the budget for 2016-17.	The unpaid caution money as on 31.03.2016 is Rs. 2.14 Lacs only. Letters were sent to the concerned students asking them to collect their caution money from school. The school has sufficient bank balance to cover this liability as on 31.03.2016.	The School should follow the DOE's instructions in this regard.
3.	Earmarked Fees (IT and Smart Class Charges) collected during the last two years 2014-15 and 2015-16 are in excess of the amount spent on the earmarked activity. Collection during the above period is Rs. 24.19 Lac against which only Rs.9.96 is spent on this activity. The surplus of Rs.14.23 lac is not shown separately in the balance sheet. However, as per evaluation, considering the smart class fee and computer fee together (since the school collects the fees only under the head computer fees), the expense is higher than the income.	It is clear from the details given in the table regarding fee for earmarked levies and expenses against the same, there is no surplus on from it.	Considered

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	All statutory returns are being filed in the name of D.A.V. School Society (Regd.). Balance sheets are prepared separately for: <ul style="list-style-type: none"> Dayanand Model Secondary School (submitted with the 	The Schools are running under the umbrella of society and do not have any separate identity. There is absolutely no	Considered.

	<p>DOE)</p> <ul style="list-style-type: none"> ▪ Dayanand Model School Nursery ▪ D A V School Society. ▪ Dayanand Vidha Mandir. <p>All the above four are merged and filed with the Income tax authority for Assessment. PAN and TIN of the Society is being used for the activities of other units also.</p>	violation of any act by doing so.	
2.	<p>More than 50% of total Repairs and Maintenance expense of Dayanand Model Secondary School- Rs.96.37 Lacs (Building/Furniture & Fixtures and others) Rs.84.97 Lacs & Sanitation expenses Rs.11.40 Lacs were paid in cash in last 3 years. Approx. 30% of such aggregate expenses Rs.96.37 Lacs (Approx.Rs.29 Lacs) were paid to Labour (Mistri)/Plumber towards labour expenses for which adequate supporting were not attached. Only in some cases personal photo id card like Aadhar card/Voter card was made available. The total contractual staff payment during the period of inspection is Rs 55.70 lacs. Mismatch in attendance records and other irregularities were also observed during sample testing .</p>	The School has never made any payment towards purchase of material for repair in cash. However, labour charges to the labourers were paid in cash because they do not have any bank account. It is further denied that there is any mismatch in attendance records.	No supporting documents were enclosed by school to substantiate the claim. The school is directed to make payment through cheque or any other mode than cash.
3.	<p>Till September 2015, School was collecting fees only in cash at the school counter. Most of the cash expenses were being done from this cash collected by the school. The school is maintaining an average cash balance of Rs.3 to 5 lacs during the period of audit. However, exceptional high cash balance during the period from 9th April 2014 to 23rd April 2014 (Max 42.49 Lac & Min Rs.31.02 Lac). School fund is not represented in the form of Bank/Govt. Securities, as required by rules 174 pf DSEAR. Further, the manager was independently authorized to withdraw cash from bank.</p>	The cash balance was high due to receipt of fee at the school counter. The school has started collection through banking channels from 01.10.2015. It is further stated that all the receipts of the school are deposited in the scheduled bank account only.	Considered.
4.	<p>Building fund was not collected by Dayanand Model Secondary School for the period under inspection period (1st April 2013 to 31st March 2016). However, it was observed that D.A.V. School Society (Regd.) balance sheet had a building fund of Rs.60.69 Lac on 31st March 2014 (not under the purview of inspection) which was merged into capital fund of the D.A.V. School Society (Regd.) in the next year (2014-15). This however, does not relate to the school under review.</p>	This has nothing to do with the school's assets and funds.	Considered.

5.	The school does not follow any fixed/documented process of procurement. Documents were not made available to prove that multiple quotations were invited from the vendors. Also, purchase orders were not issued.	The school has started inviting quotations/ bids for big contracts.	Accepted by School.
6.	There were cross transfer of funds during the period under review between Dayanand Model Secondary School, Dayanand Model School (Nursery) and D.A.V. School Society (Regd.) under the same management.	No funds were ever transferred from school to society except statutory collections of TDS.	No supporting documents were enclosed by school to substantiate the claim.
7.	There was no fixed Asset register for the financial years 2013-14 and 2014-15. For 2015-16, the fixed asset register did not contain complete details of the fixed assets purchased during the year.	The suggestions have been noted and will be taken in future.	Accepted by School.

And whereas, after going through the representations dated 30.01.2017, 21.02.17 and submissions made by the school during the hearing held on 12.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a deficit of Rs. **16,59,607/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	31,58,607
Investment as on 31.03.16 as per School Submission	33,17,134
Total	64,75,741
Less: Depreciation Reserve Fund*	0
Available Funds	64,75,741
Fees for 2015-16 as per unaudited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	2,32,74,225
Other income for 2015-16 as per unaudited financial statement	9,78,227
Estimated availability of funds for 2016-17	3,07,28,193
Less: Budget expenses for the session 2016-17 as per proposal documents	3,23,87,800
Net Deficit	-16,59,607

*The school was not maintaining the Depreciation Reserve Fund in accordance with clause 14 of the order dated 11.02.2009. Hence, the same is not considered in the above calculations.

And whereas, in view of the above examination, it is evident that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 26.12.16, on the ground that the school had sufficient reserves to mitigate the shortage of funds. During the hearing, the school has represented that those reserves are not available in the form of cash or investments with the school and represents other assets of the school. Also, the school has represented that it do not have adequate funds and it shall not be able to manage its operational expenses for the year from the available funds.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to maintain separate fund in respect of each earmarked levies charged from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under. If there are large surpluses under any earmarked levy collected from the students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 30.01.2017 and subsequent submissions made in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, it was decided by the Director(Education) to allow the school to increase the existing fees by 10% for the session 2016-17.

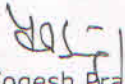
Accordingly, it is hereby conveyed that the representations for fee hike of Dayanand Model Secondary School, B-Block, Vivek Vihar, Delhi-110095, has been accepted by the Director of Education and the School is allowed to increase the existing fees by 10% for the session 2016-17.

Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Compliance of all the instructions mentioned in the order dated 26.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. The fee should be utilised as per letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).
3. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.

This issues with the prior approval of the Competent Authority.

Non compliance of the order shall be viewed seriously.


(Yogesh Pratap)
Deputy Director of Education
Private School Branch
Directorate of Education

To

The Manager/HoS
Dayanand Model Secondary School,
B-Block, Vivek Vihar, Delhi-110095.

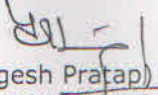
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Dated: 8/8/2017

Copy to:-

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.

3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education