

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/13/813

Dated: 03/07/2017

ORDER

Whereas, the request of Mayur Public School, I.P. Extension, Delhi-110092 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/13/418-424 dated 02.02.2017 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 Mayur Public 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 was provided to the Manager/HoS of Mayur Public School on 16.05.2017 at 12.30 Noon 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 16.05.2017 at 12.30 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.	The school doesn't have a defined procurement process and did not provide flow chart describing the procurement cycle. During inspection of few contracts, instances were observed where quotations of different vendors were not available. As	In some cases, where quotations from different vendors are not invited, such vendors are associated for long period of time and	Accepted by School.

	explained by the management the school does not follow tendering process.	are tried and tested for quality of work timely completion and reasonable charges. However, school will ensure to place a proper system of procurement in future.	
2.	As per rule 172 of the DSEA&R, 1973 no fees, contribution or other charges shall be collected from any student in the name of Trust/Society. Fees for the nursery wing were taken in the name of society although the income for the same has been accounted for in the school books. The process of generating proper receipts needs to be ensured by the school.	The school is issuing fee receipts in the name of Mayur Public School for nursery wing from academic session 2016-17.	Accepted by School.
3.	<p>Certain accounting issues have been noticed which are as under:</p> <p>i. In the Balance Sheet as on 31.03.2016 Assets purchased from Development Fund are disclosed at Gross Value and Assets purchased from General Fund is stated at WDV.</p> <p>ii. No Depreciation were charged in the Income and Expenditure Account in F.Y. 2013-14 and 2014-15. a Cumulative depreciation on both the above class of assets amounting to 66.11 Lakhs has been charged to Income & Expenditure account for FY 2015-16 in addition to depreciation for the year.</p> <p>iii. Development fees collected is first credited to Development Fund Unutilised Account. Subsequently an amount equal to additions during the year to assets purchased from Development Fund</p>	<p>School maintains separate depreciation reserve fund account equivalent to depreciation charged in revenue on assets acquired out of development fund. Hence, assets are shown at gross value.</p> <p>School ensures to provide depreciation in concerned financial year in future.</p> <p>It is a clerical error and will be rectified in Financial Statement for FY 2016-17.</p>	<p>Accepted by School.</p> <p>Accepted by School.</p>

4

	<p>is transferred from this account to development Utilised Account. As on 31.03.2016 against Development Fund Asset of Rs. 2.67cr, Development Fund utilized Balance is Rs. 2.63 cr. The difference of Rs 4.16 Lakhs seems to be an error in carrying forward the fixed balances for the Nursery Section from FY 2012-13 or earlier.</p> <p>v. Depreciation charged on Development Fund Assets are accumulated in Depreciation fund Reserve Account. Against Accumulated Depreciation Balance on Development Fund Assets as on 31.03.2016 Rs.60.82 Lakhs, balance of the mentioned fund is 18.90 Lakh. The transfer of 41.98 Lakhs from Depreciation Reserve Fund to Development is not explained. It actually means appropriation of revenue amount to Capital Fund.</p> <p>v. An amount of 1.03cr has been adjusted against General Fund for stating the Assets bought from General fund at WDV.</p> <p>Considering the above practice which are inconsistent with the GAAP, it cannot be conclude if the financial statements of the school present a True and fair view of the financial position and profitability of the school. Since the total amount involved in asset and depreciation accounting is material, it is not possible to rely on the financials for carrying out an evaluation.</p>	<p>Assets acquired from depreciation reserve fund has been transferred to development fund which later on is transferred to the utilised development fund.</p> <p>It represents that assets purchased from Development fund FY 2013-14 and 2014-15 and it was wrongly transferred to general fund instead of transferring to utilised development fund.</p>	<p>Considered.</p> <p>Accepted by School.</p>
4.	<p>As per clause 18 of Order No. DE/15/150/ACT/2010/4854-69 Dated 09.09.2010 issued by DoE, the school should return the caution money to the student at the time when the students were leaving the school along with the bank interest thereon irrespective of whether or not he/she</p>	<p>School is not charging caution money since 2005. Caution money of the students who had left the school has been transferred to income account. Further, it is</p>	<p>No supporting to substantiate the claim. The same shall be verified at the time of fee increase proposal for FY 2017-18.</p>

<p>requests for are fund. The un-refunded amount should be transferred as income in the next financial year after the expiry of 30 days. The observation noted on the above lines are as follows: Caution money refunded without any interest amount thereon, violation of Clause 3 of Public notice dated 04.05.1997. The school is not recognizing the un-refunded money as income in its books of accounts as the same was lying in the books as caution money refundable.</p>	<p>submitted that caution money has been refunded with interest.</p>	
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Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	No voucher numbers were mentioned in the vouchers, which leads to a risk of non-traceability of missing vouchers as well as for back dated entries.	The school ensures to maintain the same in proper manner.	Accepted by School.
2.	There are only a few instances where delayed compliances noted with regards to deposit of TDS. In all the cases the delay in depositing the TDS were ranging from 60 days to 30 days, which resulted in unnecessary payment of late fine.	The school ensures to give more attention for timely payment of statutory liabilities.	Accepted by School.
3.	Fixed assets register was not maintained by the school with necessary details of new additions and deletion of assets with sundry details.	The school is maintaining the Fixed Assets Register in its own format. Further, it is ensured that more details will be added in Fixed Assets Register.	Accepted by School.
4.	The accounting policies were not attached with financial statements and the revenue recognition principles have not been specified.	The school ensures to attach accounting policies along with Financial Statements from FY 2016-17.	Accepted by School.

4/

And whereas, after going through the representations dated 17.02.2017 and submissions made by the school during the hearing held on 16.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **35,88,317** /- as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per School submission	13,66,120
Investment as on 31.03.16 as per School Submission	2,84,71,121
Less: Loan against FDR	48,80,000
Total5	2,49,57,241
Less: EWS Fund	1,60,076
Less: Provision for Gratuity*	1,37,58,185
Available Funds	1,10,38,980
Fees for 2015-16 as per financial statement(We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	10,54,83,798
Other income for 2015-16 as per financial statement	19,42,455
Estimated availability of funds for 2016-17	11,84,65,233
Less: Budget expenses for the session 2016-17 as submitted by school management	12,20,53,550
Net Deficit	-35,88,317

*The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities.

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 02.02.17, on the ground that the school had sufficient funds. During the hearing, the school has represented that it do not have adequate funds to provide for retirement benefits to the employees 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 is any surplus 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, as per clause No. 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11.02.2009, 'Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserved fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.' Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, the school is also advised to create appropriate provisions for retirement benefits based on actuarial valuation.

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 17.02.2017 and subsequent submissions made thereafter in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations.

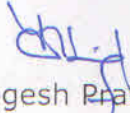
Accordingly, it is hereby conveyed that the representations for fee hike of Mayur Public School, I.P. Extension, Delhi-110092, has been accepted by the Director of Education and the School is allowed to increase the fee as proposed by the school for the session 2016-17.

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 as mentioned in the order dated 02.02.17 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 true 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).

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
Mayur Public School, I.P. Extension,
Delhi-110092.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 813

Dated: 03/07/2017

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