

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/ 82A

Dated: 15/09/2017

ORDER

Whereas, the request of Lovely Rose Public School, Block C-9, Yamuna Vihar, Delhi-110053 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/13/106-110 dated 26.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Deputy Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of Lovely Rose 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 Lovely Rose Public School on 11.05.2017 at 11.00AM 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 11.05.2017 at 11.00 AM 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 |
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| 1. | Depreciation being charged by the school as per the Income Tax Act, 1961, however the same should be as per the Guidance note (GN 21) on Accounting by Schools, issued by the Institute of Chartered Accountants of India. It | No submission/comments from school. | The school should follow DoE guidelines in this regard. |

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| was reported that this has resulted into short charging of depreciation by Rs. 5,62,161. | | |
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Other discrepancies:-

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| 1. | The school has not made any provision for gratuity as required by Accounting Standard (AS) 15 issued by ICAI and the school is not following provisions of Clause 29, 43, 96, 103 and 104 of Guidance Note issued by ICAI while preparing its books of accounts. | The school has not made provision for gratuity due to non availability of funds. | School should follow DoE instructions in this regard. |
| 2. | Incomes shown in the financial statements are corroborated with the fee structure of the school and number of students. However, after working on the arithmetical calculation on the basis of average students and fees to reconcile the overall fee collected by the school, there are some differences between the calculation and actual fee collected. | Difference was due to non consideration of some students who are given concession by the management under one head or other in addition to EWS students. | As per Rule 177 of DSEA&R, 1973, concession given by the Management to the students is to be a charge on savings of the school and not on fees. No supporting calculation/ documentation submitted by the school. School should prepare its books of accounts in proper manner ensuring that all incomes are properly presented. |
| 3. | The school has no selection committee for the appointment of teachers and there is no defined procedure for appointment of teacher. This is non-compliance of Rule 96 of DSEA & R 1973. | The school always invites application through open advertisement and teacher is selected purely on the basis of merit. In future staff will be selected through Selection Committee as per rules. | No supporting documents submitted by the school. School should follow DoE instructions in this regard. Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. Original files of teachers recruitment of past 03 years to be examined by DDE (North East). |
| 4. | It was noticed that there were no details of additions and deletions of fixed assets in fixed assets register during the year 2015-16. | In future every entry for addition and deletion shall be made regularly. | Accepted by the school. School should prepare its fixed assets register in proper format |

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| | as the school is not updating fixed assets register on regular basis. | | covering details of assets, no. of units, location, cost of purchase, depreciation, etc. |
| 5. | The school is not deducting tax (i.e., TDS) as required under section 194C of the Income Tax Act, 1961 even if the amount of the bill exceeds Rs. 30,000 or Rs. 75,000 during the financial year. | The school has started deducting TDS as per section 194C with immediate effect. | Accepted by the school. School is directed to comply with all applicable statutes. Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. |
| 6. | Fee structure submitted by the school under rule 180(1) every year is different from actually collected from the students. School is charging fees more than the fee mentioned by the school in the report submitted to Directorate of Education under rule 180(1). | Fee structure is the same as submitted by the school under section 180(1). | In the year 2013-14, 2014-15 and 2015-16, school has charged activity fee from the students and the same was not mentioned in the fee structure filed under Rule 180(1) of DSEA & R, 1973. School is directed to follow DoE instructions in this regard. The same tantamounts to mis-declaration of facts before the Directorate and is violation of provisions of DSEA&R and recognition norms. |
| 7. | No specific reserve has been created for activity fee and development fee as per Rule 176 of DSE&R, 1973. The surplus fund is being utilized for other revenue expenditures of the school. Further, Development Fees is being charged by the school from the students and are being treated as Revenue Receipt rather than treated as Capital Receipt which is non-compliance of Clause 96 of Guidance Note issued by the Institute of Chartered Accountant of India. Further the school has not | The school was in short of funds therefore fee of Development Charges and Activity Charges are taken as Capital Receipts which will be rectify with effect from 1 st April, 2017. | Improper response. Development fee and activity fee should be utilised in accordance with the order no. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 and to treat development fee as capital receipt and depreciation reserve fund should be maintained. School is not charge any development fee in FY 2017-18 unless it |

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| | maintained Depreciation Reserve Fund. These are also contraventions of Clause 14 of F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. | | comply with the directions of this Directorate. |
| 8. | The school is not having defined policy of procurement. Further, the school does not maintain any list of bid invited/received, copy of quotations and comparative statements, etc. | Irregularities noted for compliance with effect from 01.04.2017. | School is directed to implement proper internal control systems in relation to procurement of goods and services. |
| 9. | Activities fees are being collected from all the students as a part of fees which is in contravention of clause 22 of the Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. | Activities like Abacus & Vedic Maths and SMS facility etc. is provided to every student and payment is made regularly to the firm providing these facilities. | School should follow DoE instructions in this regard. Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. |
| 10. | The fee structure submitted to the Directorate in compliance of Rule 180 of the DSE & R, 1973 is lower than the fee actually charged from the students. | Fee structure submitted in 180(1) and actual charge are as same. | In the year 2013-14, 2014-15 and 2015-16, school has charged activity fee from the students and the same was not mentioned in the fee structure filed under Rule 180(1) of DSEA & R, 1973. School is directed to follow DoE instructions in this regard. Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. |
| 11. | The school has not maintained any complaint register regarding fee, infrastructure / facilities provided by the school. | Complaint Register is always available at the reception counter of the school. | Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. |
| 12. | School is not maintaining stock register as per Rule 59 (2)(h) of DSEA & R 1973. | All Stock Registers are now being prepared as per provisions. | Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. |

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| 13. | The financial statements of FY 2013-14 and 2014-15 are not prepared as per the Appendix 3 of Guidance Note issued by ICAI. | Financial Statement of FY 2013-14 and 2014-15 now has been rectified with effect from 2015-16. | Accepted by school. |
| 14. | No medical officer is being appointed by the school as required by Rule 38 of DSEA & R 1973. | Medical facility is provided to every student as and when required. Medical check-up of all students has been done by the team of the expert doctors in August 2016. | School should follow DoE instructions in this regard. |
| 15. | There are instances when the school has kept huge cash balances which are neither deposited in Bank nor invested in Government Securities. This is non-compliance of Rule 172 of DSEA & R 1973. | Cash is kept due to closing of bank on Saturday & Sunday as most of the fee is paid in cash by the parents. Further, salary of contract teachers is also paid in cash. | School may encourage parents to pay fees through Draft/Cheque/ECS/Online transfer etc. to bring transparency in its operation. Further, the school is hereby directed to pay salaries to the staff through ECS/Cheque etc. |
| 16. | In violation to Rule 174 of DSEA & R 1973, the school funds are withdrawn by cheque signed by Manager of the school instead of both by Head and Manager of School. | Denied as bank can never made payments without signatures of at least two officials. | School should follow DoE instructions in this regard. Compliance shall be reviewed at the time of next fee increase proposal of the school, if any. |

And whereas, after going through the representations dated 10.01.2017 and submissions made by the school during the hearing held on 11.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **2,59,015/-** as per the following details:-

| Particulars | Amount (in Rs.) |
|--|-----------------|
| Cash and Bank balances as on 31.03.2016 as per financial statement | 32,16,974 |
| Investment as on 31.03.16 as per financial statement | 0 |
| Total | 32,16,974 |
| Less: Development Fund and Depreciation Reserve Fund# | 0 |

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| Available Funds | 32,16,974 |
| 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) | 2,42,58,820 |
| Other income for 2015-16 as per financial statement | 2,01,671 |
| Estimated availability of funds for 2016-17 | 2,76,77,465 |
| Less: Budget expenses for the session 2016-17 as submitted by school management | 2,79,36,480 |
| Net Deficit | -2,59,015 |

#The school has treated development fee as revenue receipt and also has not maintained depreciation reserve fund. Thus, the same are not considered in 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. During the course of 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 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, 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, these recommendations along with 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 10.01.2017 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. It was further decided by the Director (Education) to allow the school to increase the existing fee by 5 % for the session 2016-17.

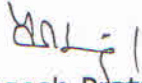
Accordingly, it is hereby conveyed that the representations for fee hike of Lovely Rose Public School, Block C-9, Yamuna Vihar, Delhi-110053, has been accepted by the Director of Education and the school is hereby allowed to increase the existing fees by 5% for the session 2016-17.

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 26.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. 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.
3. 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).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.


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

70
The Manager/HoS
Lovely Rose Public School,
Block C-9, Yamuna Vihar,
Delhi-110053

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

Dated: *15*/09/2017

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. Deputy Director of Education (North-East), Directorate of Education, Govt. of NCT of Delhi, B-Block, Yamuna Vihar, Delhi-110053 with the directions to examine original files related to teacher(s) recruitment.
5. Guard file.

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