

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/13/896

Dated: 15/09/2017

ORDER

Whereas, the request of Greenfields Public School, Dilshad Garden, GTB Enclave, Delhi-110093 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/ 13/311-315 dated 27.12.2016 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 Greenfields 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 Greenfields Public School, Dilshad Garden on 15.05.2017 at 03.00PM 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 15.05.2017 at 03.00PM 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.	There is no formal process of bidding and obtaining quotations from prospective parties for major contracts and hence authenticity and basis for entering into contracts with selected parties could not be ascertained. The school has entered into an agreement with "M/S Litchi Knowledge Centre Private Limited" for provision of healthcare services. The expenditure	To comply with the statutory requirement of Rule 38 of DSEA&R, 1973 and in compliance to the guidelines	The submission of the school is not in line with the irregularity mentioned in the order. The school is directed to implement proper internal system in relation to procurement of goods and services ensuring that due propriety was adhered while entering

	<p>incurred towards such services has increased by more than 5 times from FY 2013-14 to FY 2015-16. Also the school's balance sheet reflects a credit outstanding of Rs. 17,04,156 towards the vendor as on 31 March 2015, however on cross-validation against Litchi's financials, no receivable from the school.</p> <table border="1" data-bbox="342 562 922 943"> <thead> <tr> <th>Particulars</th> <th>FY 13-14 (Rs. Lacs)</th> <th>FY 14-15 (Rs. Lacs)</th> <th>FY 15-16 (Rs. Lacs)</th> <th>Budgeted FY 16-17 (Rs. Lacs)</th> </tr> </thead> <tbody> <tr> <td>Total Medical Expenditure</td> <td>8.44</td> <td>52.19</td> <td>50.68</td> <td>55.76</td> </tr> <tr> <td>Expenditure on Litchi Knowledge Centre</td> <td>NIL</td> <td>44.93</td> <td>50.38</td> <td>55.76</td> </tr> <tr> <td>Expenditure on doctor employed directly by school</td> <td>8.44</td> <td>7.26</td> <td>0.30</td> <td>NIL</td> </tr> </tbody> </table>	Particulars	FY 13-14 (Rs. Lacs)	FY 14-15 (Rs. Lacs)	FY 15-16 (Rs. Lacs)	Budgeted FY 16-17 (Rs. Lacs)	Total Medical Expenditure	8.44	52.19	50.68	55.76	Expenditure on Litchi Knowledge Centre	NIL	44.93	50.38	55.76	Expenditure on doctor employed directly by school	8.44	7.26	0.30	NIL	<p>issued Delhi Commission for protection of Child Rights on 'Medical Crisis Management mechanism in school', expenditure was incurred during this period.</p>	<p>into any such contract</p>
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2.	<p>Receipts were not issued to parents towards purchase of student ID card, diary and newspaper and the amounts received were not considered in the Books of Accounts. This means understatement of revenue.</p>	<p>No response</p>	<p>The school is directed to issue proper receipts against each head of fee to the Parents. School should follow DoE instructions in this regard.</p>																				
3.	<p>Un-refunded caution money has not been considered as income by the school which is non-compliance to Clause 4 of Order No. DE/15 /150 /ACT /2010 /4854-69. Exact amount of un-refunded caution money could not be ascertained by the CA firm due to insufficient data provided by the school; however it has been opined that an amount of Rs. 32 lacs as un-refunded caution money and the same to be considered as income for the school. Further interest received on Caution money was also not refunded to the students.</p>	<p>The un-refunded caution money is treated as liability of the school. Students or their parents collect or claim the caution money as per their convenience.</p>	<p>The School should follow the DOE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>																				
4.	<p>Depreciation on fixed assets has been treated as cash outflow in the budgeted Receipts and Payments statement for the year 2016-17 thereby reflecting an over-projection of cash outflow by Rs. 40 lacs.</p>	<p>No response</p>	<p>The school should prepare its budget in proper manner.</p>																				
5.	<p>As noted on review of the financials,</p>	<p>No response</p>	<p>The school should prepare</p>																				

	depreciation being a non-cash item has been incorrectly considered in the Receipts and Payment Statement for the year 2015-16 and hence needs to be removed from the Receipts and Payments Statement. However, on adjusting the depreciation value 55.76 from the Receipts and Payments statement, the resultant value of Cash and Bank balance is not matching with the corresponding figure mentioned in the Balance Sheet.		its financial statements in proper manner. It seems financial statements are not prepared as per the Indian GAAP and ICAI pronouncements. Hence, these Financial Statements can't be relied upon for any evaluation.
6.	As noted on review of the financials, the Income and Expenditure Statement for the year 2015-16 and 2016-17 consist of an expense item called "Others" amounting to Rs. 3.7 crores and Rs. 2.22 crores which are material in financial perspective, but the break-up and details of the same were not provided.	No response	In the absence of proper response, it is not possible to assess the genuineness of these expenditures. School is directed to submit the details of these expenditures.
7.	General Reserve of the school is showing a negative balance of Rs.7,47,26,150 which can be majorly attributed to the fact that the school adopted AS-15 accounting standards for the first time in FY 2012-13. Accordingly a provision was created for Gratuity for Rs. 7,43,95,544. Similarly the school adopted AS-15 for leave encashment in FY 2013-14. Further it was noted that the provisions created for gratuity and leave encashment are not backed by Actuarial reports and are derived on school's internal calculation.	No response	It seems that the school has not followed prudent financial practices over the years and not able to built up any reserves and investments for meeting its future contingencies. The school is advised to maintain the provisions for retirement benefits in accordance with actuarial valuation.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Interest on FDR is not recognised as income on accrual basis.	No response	The school should follow proper accounting system to recognise its all incomes for the year.
2.	The school is running certain business activities like stationary and book shopping the land allotted to the society towards running of the school. Further it was observed that the shop	No response	The school should stop these practices. Also, income from such activities are carried out in the school should be booked in the books of

	is being owned by one of the administrators of the school and hence can be termed as related party transaction.		accounts of school.
3.	The school has increased its fees in the period 2013-14 to 2015-16 without obtaining sanction/ approval from the Directorate of Education, Delhi, which is a violation to point no. 17 of the terms and conditions stipulated in the Allotment letter and Delhi School Education Act & Rules, 1973 which mandate prior approval from the Directorate for increase in tuition fees.	No response	The school should follow DoE instructions in this regard.
4.	In the year 2015-16 the school has collected approximately Rs. 85 lacs more than the standard cost of establishment, which is violation to Clause 19 of Order No. F.DE./ 15(56) /Act/ 2009/ 778	No response	School is directed to comply with the directions of DoE in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
5.	The annual charge is not determined by the managing committee and the charges are determined on an ad-hoc basis, thereby violating Clause 21 of Order No. F.DE.15(56) /Act/ 2009/ 778 dated 11/02/2009. The Development Fee charged by the school is treated as revenue receipt and not as capital receipt. Only a small amount of Development Fee collected is utilized for the purposes of up-gradation of furniture and equipments, etc. while the remainder fund is used for other revenue expenses. Such treatment of development Fee is non-compliance to Clause 14 of Order No.F.DE/15 (56)/ Act/2009/778.	No response	School is not allowed to treat development fee as 'revenue receipt' and utilised the same for purposes other than mentioned clause 14 of the order dated 11.02.2009. School is directed to follow DoE instructions in this regard. School not to charge development fee in FY 2017-18 unless it comply with directions of this directorate.
6.	Outstanding caution money of Rs. 64.52 lacs as on 31st March 2016 while the bank account reflected a balance of Rs. 0.22 lacs was noted. Hence, the caution money was not deposited in a scheduled bank account, which is violation to Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	No response	School has not followed proper accounting practices in relation to caution money fund maintenance and utilisation. The school should follow DoE instructions in relation to caution money.

7.	The school is not following fund based accounting due to which there is no differentiation between restricted & unrestricted funds. All the fee components were treated as revenue receipt and are used for meeting capital as well as revenue expenditures.	No response	School is directed to implement proper accounting practices in accordance with ICAI pronouncements and DoE instructions.								
8.	Absence of system towards unique identification of assets was noted. All the cars purchased by the school except the school bus have been registered on the name of Founder Principal cum Manager while the same should be registered in the name of the school.	No response	Buying cars in the name of Principal cum manager is not allowable. All assets which are bought for school purposes should be bought in the name of school only. The school is directed to submit statement/documents showing details of cars purchased(as disclosed in Financial statement for FY 2015-16), their model, year of purchase, amount of purchase, name of owner of these cars etc. Within 30 days to DDE(P SB).								
9.	A distinct comparative increase in budgeted expenditure in 2016-17 from 2015- 16 for building renovation without any approved contract or supporting documentation to back the budgeted expenditure was noted.	No response	As per Rule 177 of DSEA & R, 1973 and Modern School judgment, capital expenditure cannot form part of financial fee structure of the school. Hence, budget of building construction cannot be considered.								
	<table border="1"> <thead> <tr> <th>FY 13-14</th> <th>FY 14-15</th> <th>FY 15-16</th> <th>Budgeted Expense for FY 16-17</th> </tr> </thead> <tbody> <tr> <td>77.75</td> <td>70</td> <td>48.75</td> <td>120</td> </tr> </tbody> </table>	FY 13-14	FY 14-15	FY 15-16	Budgeted Expense for FY 16-17	77.75	70	48.75	120		
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77.75	70	48.75	120								

And whereas, after going through the representations dated 08.02.2017 and submissions made by the school during the hearing held on 15.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

- i. The school was given proper opportunity to represent its case against the points mentioned in the order. The school has not submitted proper response against the issues raised in the order. Moreover, casual attitude of the representatives of the school at the time of hearing was observed by the committee.
- ii. The school has not responded most of financial discrepancies as noted in the order; and
- iii. The financial statements of the school can't be relied upon in the absence of any response against the issues raised in the order.

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 financial statements of the school can't be relied upon and the financial position of the school can't be ascertained and the representation dated 08.02.2017 and subsequent submissions made thereafter in this regard find no merit in respect of sanction for increase in fee and hereby rejected on the basis of above mentioned observations.


Accordingly, it is hereby conveyed that the representations for fee hike of Greenfields Public School, Dilshad Garden, GTB Enclave, Delhi-110093, has been rejected by the Director of Education.

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

1. Not to increase fee for the session 2016-17. If, in case, increased fee has already been charged from the parents, the same shall be refunded/adjusted.
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. Compliance of all the instructions as mentioned in the order dated 27.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
4. 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).
5. In light of unreliable financial transactions and opacity of accounting procedures, the school is hereby directed not to increase fees even for purpose of implementations of 7th Pay Commission or under the aegis of any standard increase permitted by this Directorate, without prior approval of Directorate of Education.

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

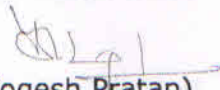
The Manager/HoS
Greenfields Public School,
Dilshad Garden, GTB Enclave,
Delhi-110093

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 826

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. DDE (District) to conduct full inspection of the school, with inclusion of a CA in the inspection team within one month of this order.
5. Guard file.


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