

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/ 809

Dated: 03/07/2017

ORDER

Whereas, the request of Prabhu Dayal Public School, Dakshini Block-A, Shalimar Bagh, Delhi 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/13/156-160 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 Prabhu Dayal 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 Prabhu Dayal Public School on 12.05.2017 at 12.30PM 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 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 is charging depreciation rate different from the rate prescribed as per the Guidance note (GN 21) on	Income Tax Act allows the society to present the cost of	The School is advised to follow the DOE

	Accounting by Schools, issued by the Institute of Chartered Accountants of India.	assets purchased as utilisation of funds and the school is following the same rule.	instructions in this regard.
2.	The school does not maintain receipt and payment accounts. Receipt and payment account is mandatory pursuant to Clause 24 of Order No. F.DE./15 (56) /Act / 2009 / 778 dated 11/ 02/ 20090.	The School shall prepare the Receipts and Pavments Account in future.	Accepted by School.
3.	The school is not adhering to the requirements of clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which states the recognition and utilisation of development fund. The value of the assets purchased from the development fund is not deducted from it and the development fund is represented at the Gross value in the financial statement. As a result of this, the surplus fund is understated and corresponding development fund is overstated by Rs 1,00,95,496.	The department is requested to issue clear guidelines on treatment of development fund utilisation.	The School is advised to follow the DOE instructions in this regard.
4.	Further to the above finding, the development fund was treated as revenue receipt till 2014-15 and has been treated as capital receipts from 2015-16 only. As a result of this, the development fees has been charged to Income and Expenditure account resulting in overstatement of surplus by Rs 1,44,80,536.	The school is treating development fee as capital receipts from FY 2015-16.	Accepted by School.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Incorrect procurement process is applied by the school wherein the	For major purchases, at least three	Considered

	school does not have any policy in place to award the contracts to the lowest bidder.	quotations are invited and the vendor is finalised after discussion with management representative.	
2.	The Interest on Security deposit is not refunded to the students leaving the school. This is non-compliance of clause 3 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980.	Due to practical problem and manpower involved in maintaining necessary records for this purpose. The school has stopped taking security deposit from FY 2016-17.	The School is advised to follow the DOE instructions in this regard.
3.	Gratuity liability is recognised in the books based on the management estimates and not as per the actuarial valuation.	The gratuity liability was provided on discussion with professionals and duly audited by the auditors.	The School is advised to follow the DOE instructions in this regard.
4.	School does not adhere to the format for the preparation of Income and Expenditure account and Balance Sheet as prescribed vide Order No.- F.DE-15/ACT-I/WPC4109/Part/ 13/7905-7913 dated 16.04.2016.	The School will follow the said format from FY 2016-17 onwards.	Accepted by School.

And whereas, after going through the representations dated 30.01.2017 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 surplus fund of Rs. **3,65,35,033/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	88,91,345
Investment as on 31.03.16 as per School Submission	10,27,28,150
Total	11,16,19,495
Less: Development Fund (As per School Submission)	39,57,675

Particulars	Amount(Rs)
Less: Provision for Gratuity*	5,82,78,286
Less: Provision for Leave Encashment*	1,90,67,733
Available Funds	3,03,15,801
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)	14,13,39,022
Other income for 2015-16 as per financial statement	94,82,032
Estimated availability of funds for 2016-17	18,11,36,855
Less: Budget expenses for the session 2016-17 as submitted by school management	14,46,01,822
Net Surplus**	3,65,35,033

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

**As sufficient funds are available with the school, it is hereby directed that the School shall create 3 months' salary provision in accordance with the provisions of Right to Education Act, 2009 and to submit FDRs in joint name of Dy. Director (Education) and Manager of the School with DOE within 30 days of receipt of this order.

And whereas, in view of the above examination, it is evident that the school is having sufficient surplus funds even after meeting all the budgeted expenditure for the financial year 2016-17.

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 depreciation

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 the school is also advised to create appropriate provisions for gratuity and leave encashment 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 is having sufficient surplus funds to meet the financial implications for the financial year 2016-17 and the representation dated 30.01.2017 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 Prabhu Dayal Public School, Dakshini Block-A, Shalimar Bagh, Delhi, 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. 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.
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).

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
Prabhu Dayal Public School,
Dakshini Block-A, Shalimar Bagh,
Delhi-110088.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 809

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