

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/13/897

Dated: 15/09/2017

ORDER

Whereas, the request of Vikas Bharti Public School, Sector-24, Rohini, 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/13/650-654 dated 06.03.2017 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 Vikas Bharti 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 Vikas Bharti Public School on 19.05.2017 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 19.05.2017 at 02.30PM 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.	Income shown in the financial statements does not corroborate with the fee structure of the school and the number of students. This difference is attributable to some students getting admitted in the middle of the year or left in between before the end of session. It seems that there are internal control weaknesses so far as revenue protection is concerned.	The reason for the same has been rightly specified in your order. Further, the school ensures that more stringent controls shall be put in place and proper reconciliation are prepared in case of any differences between financial	Considered.

		statements and fee structure/ no. of students.																																																					
2.	The Provision for Gratuity amounting to R. 1.99 Cr and provision for leave encashment amounting to Rs. 1.47 were appearing in the books of the school as on 31.03.2016. However, no actuarial valuations were carried out by the school in support of such provisions for the financial years under review.	The school has submitted actuarial valuation for FY 2015-16 reflecting total liabilities on account of gratuity is Rs. 2.77 crores and on account of leave encashment is Rs. 2.65 crores which are higher than the amount provided in the books and the shortfall in the provision shall be made good in FY 2016-17.	Accepted by school. However, school has not followed prudent financial practices and has no investments or tangible assets to represent its provisions/ reserves.																																																				
3.	As per Clause 2 of Public Notice dated 04.05.1997 the school is not allowed to spend the school funds on construction of Building. Further, Rule 177 of DSEA&R 1973 states that the school is not allowed to make additions to the building if it does not have enough surplus. During the period under review, the school has made additions to the School Building. Though the school does not have enough surplus, it has spent money for the construction of the Building resulting in violation of the above mentioned clause. Details of the additions made along with position of General Fund (Surplus) is as follow:	The additions to the school building has been done out of the surplus earned by the school in the earlier years of operations and are in compliance with Rule 177 of DSEAR 1973. The additions made to the other assets are out of the Development fee collected by the school during the period under review. The amount of development fee has been expenses for the purpose of improvement and additions to infrastructure for delivering quality education to the students. The school building is located on land admeasuring around 4 acres and is operative	The school should follow the DoE instructions in this regard. Due proprietary and prudence has not been exercised by the school while incurring the capital expenditure in violation of Rule 177. However school has increased fees in 2013-14 and 2014-15 and still incurred expenditure on fresh construction. Repair expenses of Rs. 2.96																																																				
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purifier			
Air Conditioner	-----	-----	3,74,936
Others	13,42,797	7,37,725	6,95,789
Total Assets Procured	4,56,43,966	7,46,65,412	1,92,58,639
General Fund Balance	8,48,71,501	7,87,01,928	5,87,74,243
Surplus (Deficit) for the Year	(1,00,89,769)	(1,32,79,343)	(2,19,18,550)

Moreover, the repairs and maintenance expenses on fixed assets for the 3 years Period under review were on a higher side as detailed below:

Particulars	2013-14	2014-15	2015-16
Building	-----	34,97,327	21,71,923
Bus	80,60,750	1,33,08,119	82,65,912
Car	1,14,782	24,414	71,862
Furniture	24,910	4,756	8,54,231
Total Repair and Maintenance	82,00,442	1,68,34,616	1,13,63,928

since 1998 which is being used by around 3600 students on daily basis. When expenses incurred are looked into from this perspective, these are quite reasonable and have been incurred for the benefit of the school as well as students.

The school has a fleet of around 25 buses and some of which are quite old. The school management is committed to provide good infrastructure to the students and the expenses incurred on buses are of regular repair and maintenance of bus fleet.

The school was having a full time carpenter in 2013-14 and 2014-15 who left in beginning of 2015-16. Necessary repair was carried out by outside persons hence there was steep increase in cost in FY 2015-16.

Crores has been incurred by the school. Even if a bus is valued at Rs. 20 Lakhs, 25 new buses shall cost Rs. 5 Crores. In the light of this, repair expenditure of Rs. 2.96 Crores needs to be justified by the school.

The school should utilize the school fund with due propriety and prudence. Full statement of alleged repair & maintenance expenditure incurred along with all supporting documents, to be submitted at the time of next fee hike proposal.

4. There are no documentary evidences substantiating the accuracy of the calculation of provision amounting to Rs. 32,00,000 made for a tax matter relating to a vacant land.

The school was paying ground rent on the area of land on which building is situated. But MCD has been demanding ground rent in respect of play ground also. School has been constantly fighting with MCD on this issue, but as per the advice of school

No supporting submitted by the school.

	lawyer, the school might have to pay ground rent. Hence, the school has provided for the same.
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Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	As per Clause 8 of Order No. 1978 dated 16.04.2010 tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus etc. and all terminal benefits, as also the expenditure of revenue nature concerning curricular activities. No fee shall be charged in excess of the amount so determined. However, the school is charging tuition fee in excess of the establishment cost and the excess amount is used to meet the other expenses of the school.	As per inspection report, tuition fees earned by the school was short of the establishment cost and curriculum expenses in FY 2014-15 and 2015-16. Hence, this point raised in your report is not valid.	Considered.
2.	On the basis of information and explanation given by the school during the sample checking done by it, the following is concluded: i. The procurement process followed for few contracts entered into by the school were not in accordance with the standard process of the school i.e. no bidding documents was available on record. ii. There were instances, wherein the school failed to deduct TDS while making contractual payments.	Procurement process followed by the school is very strict and comprehensive. All major procurements are done under the supervision of Chairman. The school will ensure that all documents in relation to the procurement shall be maintained properly.	The school has ensured to comply in future. Compliance of the same will be verified during scrutiny of next fee hike proposal, if any.
3.	No physical verification of fixed assets has been carried out by the school during the financial years under review.	The school has own internal control system wherein proper records are maintained of existing and moment of assets. School has a practice to conduct surprise checks to keep the staff vigilant in ensuring proper maintenance of assets	Fixed assets register to be shown to district team.

<p>As per clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, no Caution Money/ Security Deposit of more than 500/- per student shall be charged. The caution money thus collected shall be kept deposited in a Scheduled Bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for a refund. The un-refunded amount should be transferred as income in the next financial year after the expiry of 30 days. The observations noted on the above matter are as follows:</p> <ol style="list-style-type: none"> i. Caution money has not been deposited in a scheduled bank in the name of the school ii. The school is not treating the un-refunded money as income in the next financial year after the expiry of 30 days. 	<p>and record thereof.</p> <p>The school has stopped collecting Caution Money from 2008-09 session. School has actively pursued to refund the caution money to the ex-students at their last available contact number in school records. Un-refunded caution money shall be treated as income while determining fee for FY 2017-18 and Fixed deposit shall be created for the balance refundable amount.</p>	<p>The school has ensured to comply in future. Compliance of the same will be verified during scrutiny of next fee hike proposal, if any.</p>
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And whereas, after going through the representations dated 05.04.2017 and submissions made by the school during the hearing held on 19.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus of Rs. **12,465,465/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per School submission	-31,704,753
Investments as on 31.03.16 as per School Submission	2,214,076
Add: Amount recoverable on account of purchase of Cars	3,964,350
Total	-25,526,327
Less: Development Fund#	-
Less: Depreciation Reserve Fund#	-
Less: Provision for Gratuity*	0
Less: Provision for Leave Encashment*	0
Available Funds	-25,526,327

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)	226,990,102
Other income for 2015-16 as per financial statement	652,714
Estimated availability of funds for 2016-17	202,116,489
Less: Budget expenses for the session 2016-17	189,651,024
Net Surplus	12,465,465

#The Depreciation Reserve Fund and Development Fund are not supported by equivalent investment. Hence, these are not considered in above calculations.

* The school has not followed prudent financial practices and has no investments or tangible assets to represent its provisions/ reserves for retirement benefits. Further, the school has created provisions for Gratuity & Leave Encashment for the first time and burden for the same cannot be allowed to be borne by the students in one single year. The school is hereby directed to take necessary steps to make earmarked equivalent investments against provision for Gratuity and Leave Encashment with LIC (or any other agency), so as to protect the statutory liabilities. Besides, provisions for gratuity and leave encashment should be based on actuarial valuation.

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 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, it has been noted that due propriety and prudence have not been exercised by the school while incurring expenditure from the school fund. In light of the same, the School is hereby directed to ensure that the expenses are incurred for the benefit of students and for educational purposes only.

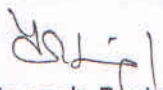
And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school is having sufficient surplus funds to meet the financial implications for the financial year 2016-17 and the representation dated 05.04.2017 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 Vikas Bharti Public School, Sector-24, Rohini, 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 06.03.17 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
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.
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).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.

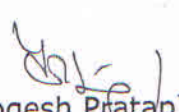

(Yogesh Pratap)
Deputy Director of Education
Private School Branch
Directorate of Education

To
The Manager/HoS
Vikas Bharti Public School, Sector-24, Rohini, Delhi
No. F. DE-15/ACT-I/WPC-4109/PART/13/897

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 concerned
5. Guard file.


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