

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/ 960

Dated: 13/10/2017

ORDER

Whereas, the request of CRPF Public School, Sector-XIV, 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/13/96-100 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 CRPF Public School, Sector-XIV, Rohini 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 CRPF Public School on 17.05.2017 at 10.30AM 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 17.05.2017 at 10.30AM 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 <u>discrepancy</u>  | Submissions of the school  | Remarks   |
|--------|---|--|---|
| 1.     | Development Fee received Rs.88,77,535 and Rs.95,54,805 during the FY 2013-14 and 2014-15 respectively, (aggregating to Rs.1,84,32,340) was not shown under the Development Fund account in the balance sheet for those years and wrongly treated as income in Income and Expense account. (Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009). | It was taken in Income and Expenditure A/c as cash flow was not adequate to maintain the school A/cs during 2013-14 and 2014-15. Further, school is maintaining the development fund separately in the Financial Statements and same has not been merged with the Income & Expenditure | Accepted by School. As per clause 14 of the order dated 11.02.2009, development fee is to be treated as capital receipt only. School should follow DoE instructions in this regard. |

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|----|---|---|---|
|    |   | Account. (Reconciliation Statement is attached)   | School is not to charge development fee during FY 2017-18 unless it complies with the directions of this Directorate.                                     |
| 2. | School does not maintain any Depreciation Reserve Fund as required under Duggal Committee Report for charging Development Fee. (Para 1 of Order dated 11/02/2009 of DoE). During the period under review, the school were required to transfer following amounts to Depreciation Reserved Fund:<br>FY 2013-14: Rs.29,92,104<br>FY 2014-15: Rs.28,12,576<br>FY 2015-16: Rs.24,99,940 | Since the fee collected is solely being used for operating expense of the school like salaries and provisions for retirement benefits. Hence, amount for maintaining depreciation reserve is not available due to deficit of funds. | The school should follow the DOE instructions in this regard and depreciation reserve fund should be created.   |
| 3. | Interest Accrued on Investment made out of Development Fund is credited to Income & Expenditure A/c instead of adding it to development fund. During the year under review following interest were accrued on Investments out of development fund :<br>FY 2013-14: Rs.10,68,040<br>FY 2014-15: Rs.60,63,482<br>FY 2015-16: Rs.41,01,697   | The investments of the school pertain to liability of caution money and provision for gratuity. Hence, the interest on investments received during the year does not form part of the development fund.                             | School is to maintain equivalent investments against the unutilised development fund balance, in accordance with clause 14 of the order dated 11.02.2009. |
| 4. | Liabilities provided for the Long Term Employees benefits are not as per Accounting Standard (AS) 15 "Employees Benefits"   | Liabilities for long term employee benefits are as per going concern basis and are being provided every year.   | School should provide for retirements benefits in accordance with AS-15 issued by ICAI.   |

**Other discrepancies:**

| S. No. | Detail of discrepancy   | Submissions of the school  | Remarks   |
|--------|---|--|---|
| 1.     | The School has not maintained its accounts in a manner as to be able to show specific expenditure | The major receipts are on account of tuition fees and it has been shown separately in the accounts | Improper justification. School should maintain and present earmarked levies fund in |

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|----|---|--|--|
|    | incurred against various specific/earmarked fees received.  | along with all the expenses marked separately as per the format prescribed under Duggal Committee.   | accordance with DoE instructions and ICAI pronouncements by ICAI in this regard.   |
| 2. | No expenditure has been made by school for specific funds collected i.e., Bio-tech fee and science fee.   | Bio tech fee is being charged from the students opted the subject and is being expended on items purchased in the beginning.   | School should maintain and present earmarked levies fund in accordance with DoE instructions and ICAI pronouncements by ICAI in this regard. |
| 3. | School charge differential fees from different category of students and School Management failed to produce any approval from DoE on the same. However School has replied fee structure is approved in Managing committee meeting in the presence of DoE's officials. | The differential fee structure is on account of wards of CRPF force personnel studying the school. Different fee is charged from different categories of CRPF personnel which is done in order to facilitate the children of lower ranks to ensure that they get equal opportunity of education. | Accepted.  |

And whereas, after going through the representations dated 20.01.2017, 09.02.2017, 22.03.2017, 16.05.17 and submissions made by the school during the hearing held on 17.05.2017 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. **16,43,811/-** as per the following details:-

| <b>Particulars</b>  | <b>Amount (Rs)</b> |
|---|--------------------|
| Cash and Bank balances as on 31.03.16 as per School submission          | 23,37,282          |
| Investment as on 31.03.16 as per School Submission                      | 5,33,39,967        |
| Total   | 5,56,77,249        |
| Less: Provision for Gratuity*   | 2,41,76,182        |
| Less: Development fund**  | 2,50,00,000        |
| Available Funds   | 65,01,067          |
| Fees for 2016-17 as per financial statement                             | 8,95,61,984        |
| Other income for 2016-17 as per financial statement                     | 79,51,270          |
| Estimated availability of funds for 2016-17                             | 10,40,14,321       |
| Less: Actual Expenses for the session 2016-17 as per school submission# | 10,23,70,510       |
| <b>Net Surplus</b>  | <b>16,43,811</b>   |

\* The school is allowed 80% of the provisions created for Gratuity as the school have earmarked equivalent investments against these provisions and total burden for the same cannot be allowed to be borne by the students in one single year. Further, the school is hereby directed to make earmarked equivalent investments against these provisions for gratuity with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And provisions for gratuity and leave encashment should be based on actuarial valuation.

#School has also provided for Gratuity during 2016-17 amounting to Rs. 2,62,02,000/- and since total burden for the same cannot be allowed to be borne by the students in one single year, it was not considered in above calculations.

\*\*School has submitted that in the Financial Statements of the school for FY 2015-16, development fund is presented along with General Fund and as per its reconciliation, development fund balance is Rs. 4,29,50,698/-. However, since equivalent investments are not earmarked and depreciation reserve fund is not maintained properly, only Rs. 2,50,00,000 is considered in above table. School is directed to follow clause 14 of the order dated 11.02.2009.

And whereas, in view of the above examination, it is evident that the school has meager funds to meet the financial implications for the financial year 2016-17.

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 has 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 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 is evident that the school had not maintained development fund and depreciation reserve fund in proper manner in accordance with clause 14 of Order No. F.DE./15 (56)/Act /2009 /778 dated 11/02/2009. Hence, development fee already charged @15% has in effect already tantamount to a hike on tuition fee.

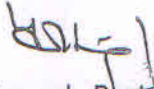
And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school does not have sufficient funds to meet the financial implications for the financial year 2016-17 and the representation dated 20.01.2017 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. Further, it has been 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 CRPF Public School, Sector-XIV, Rohini, Delhi, has been accepted by the Director of Education and the School is hereby allowed to increase the existing fee 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 26.12.17 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  
Private School Branch  
Directorate of Education