

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/13/861

Dated: 08/08/2017

ORDER

Whereas, the request of The Heritage School, Sector-23, Rohini, Delhi-110085 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/13/436-440 dated 02.02.2017 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 The Heritage School, Sector-23, 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 The Heritage School on 17.05.2017 at 04.30PM 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 17.05.2017 at 04.30PM 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.	The following discrepancies were noted relating to expenses: i. Expenses relating to FY 2013-14 incurred for recruitment of staff has been overcharged by Rs.4,91,730 as the vendor	The school has recovered the excess amount paid to the vendor. Copy of bank statement enclosed.	Considered.

(Enlearn Education Pvt. Ltd.) had raised the invoice by such higher amount. School has issued a debit note in 2016-17.

- ii. The school has incurred Rs.25,88,224/- for Teacher's Tour Expense during FY 2015-16 which is reported as high by the inspection team. The school did not incur any cost on this account in FY 2014-15 and claimed to have spent the cumulative entitlement in FY2015-16. The school is not giving any Travelling Allowance to its teachers and in compensation which has incurred a sufficient amount on Staff Transport Expense details of which are given below.

FY 2013-14	Rs. 35,34,397
FY 2014-15	Rs. 43,38,192
FY 2015-16	Rs. 48,00,011

The staff off-site training expenditure is part of a process initiated by school to train its teaching and non-teaching faculties. This expenditure was incurred for 170 staff members which includes travelling boarding and lodging, cost of activities and cost of trainers. The stay as well transportation were arranged through a vendor whose bill is attached with response.

No supporting document to substantiate the claim. Compliance shall be verified at the time of next fee increase proposal of the school, if any.

If allowance were given to the staff in place of transport facilities, the cost to the school will be much higher than the cost incurred.

2. As per Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, earmarked levy will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. The school has charged the following earmarked levy:
- i. Science Fees
 - ii. Online Education & Communication Fee
 - iii. Information Technology Fee
 - iv. Transport Fee
- All the expenses and receipts are routed through the income & expenditure account.

The irregularity does not want any response since it is only stating that statement of fact and procedure. Even as per rules, the incomes and expenses towards earmarked levies are to be routed through Income & Expenditure Account.

Improper response. The school should follow DoE instructions in this regard.

3. As per Clause 4 of Order No. DE/15 /150 /ACT /2010 /4854-69 dated 09.09.2010, after expiry of 30 days, the

The school has already booked unclaimed/ non-

Considered.

	<p>un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year. This income shall also be taken into account while projecting fee structure for the ensuing Academic Year. Unclaimed caution money has been accounted for as Revenue Income in Income & Expenditure a/c after the expiry of 3 Financial Years in contravention of DoE Guidelines. As per Inspection Report, Rs.60,000 of un-claimed caution money should be booked as income by the school.</p>	<p>refunded caution money pertaining to former students as income of the following years. The extracts of books of accounts are annexed.</p>	
4.	<p>An amount of Rs.18,59,443 is appearing under Current Liabilities shown as payable to the Society. This amount is being carried forward and appeared as opening balance as on 01.04.2013. As discussed with the school, the said amount is being carried over for long and is not to be paid. The school should ascertain the nature of the original spend and account for the liability write back appropriately in its Books of Accounts.</p>	<p>It is decided to not to repay this amount to the society and the amount is transferred to reserves.</p>	<p>Accepted by school. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>
5.	<p>Following discrepancies were noted while reviewing the financials statement for FY 2015-16:</p> <ol style="list-style-type: none"> i. Addition of Rs.38,93,868 and deduction of Rs.40,65,582 in depreciation reserve fund (schedule 2A of Balance Sheet) cannot be correlated with any item in the Financial Statements (FA schedule or others) so as to understand the nature of the transaction and its impact. ii. The depreciation on assets purchased through Development Fund amounting to Rs.82,97,377 for the year 2015-16 which has been deducted from "Development Fund already utilised for 	<p>The school has submitted the facts about the calculations and the treatment of various funds. The school has submitted details in relation to transactions mentioned as financial irregularities.</p> <p>The additions to the school building was Rs. 1,82,78,230/- during FY 2015-16 and which includes Rs51,15,259 of building construction.</p>	<p>Considered. The treatment of or adjustments in various funds should be specific and the proper disclosure should be made in the notes to accounts of the School.</p>

	<p>acquiring assets" could not be reconciled to the depreciation calculated in FA schedule.</p> <p>iii. Deduction from Development Fund as per Schedule 3A of Balance Sheet with regards to acquisition of assets is Rs.2,27,85,390 and corresponding addition to "Development Fund already utilised for acquiring assets" as per Schedule 3B is Rs.2,24,63,748. The difference of Rs.3,21,642 is not reconcilable.</p> <p>iv. Amount of Rs.26,164 have been transferred to General Fund from Development fund. Such amount has not been shown as deduction in Development fund schedule.</p> <p>v. As per the FA schedule 2015-16, the addition to school building is Rs.1,82,78,230. The amount deducted from 'Building under Construction', assumed to be capitalised and added to the building block is Rs.51,15,259. Details for the additional capitalisation is not available.</p>		
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Other Irregularities/Violations:

S. No.	Detail of irregularity(ies)	Submissions of the school .	Remarks
1.	The school follows a practice of participating in Worlds Scholar Cup which is usually organized outside India or other trips outside India for children. The school receives the amount by cheque from participants as Tour Charges and accounts for it in Books of Accounts but does not issue any receipt. This is a violation of Rule 172 of the DSER, 1973 and needs to be rectified by the school.	The students had remitted the amount by cheque and receipts of the cheque is duly acknowledged by the bank in the bank statement of the school as well as the parent	Accepted by School. The school should follow the DOE instructions in this regard.

		paying the charges.							
2.	Management has provided limited evidence of having PTA in existence. However, a list of PTA members and minutes evidencing PTA in existence was provided by the school, but no documentary evidence was available for elections of PTA held in school.	The records of the election of PTA was shown to audit team and they were satisfied with the documents produced to them. Results of last election held on 31.8.2016 are enclosed.	The school has not submitted documents pertaining to period under inspection. Compliance shall be verified at the time of next fee increase proposal of the school.						
3.	<p>Following discrepancies were noted in the Financials of the School:</p> <p>i. An advance to Principal Neena Kaul of Rs.4,00,000/- had been given before FY 2013-14 which is not yet recovered.</p> <p>ii. Expense related to Legal & Professional Charges has been paid to Mr. K. L. Sobti who is also a member of School Managing Committee. Payments made to Mr. K. L. Sobti during all three financial years are as follows:-</p> <table border="1" data-bbox="381 1299 933 1478"> <tr> <td>FY 2013-14</td> <td>Rs. 82,500/-</td> </tr> <tr> <td>FY 2014-15</td> <td>Rs. 1,21,500/-</td> </tr> <tr> <td>FY 2015-16</td> <td>Rs. 1,20,000/-</td> </tr> </table>	FY 2013-14	Rs. 82,500/-	FY 2014-15	Rs. 1,21,500/-	FY 2015-16	Rs. 1,20,000/-	<p>It could not be recovered earlier as the principal has expressed her financial inability to remit the same. The advance has been adjusted during current FY.</p> <p>There is no legal embargo that a member of managing committee cannot render any professional services to the school. Mr. Sobti is associated with for more than five years and his revenue is reasonable and meagre.</p>	<p>Considered.</p> <p>The school should follow DOE instructions in this regard.</p>
FY 2013-14	Rs. 82,500/-								
FY 2014-15	Rs. 1,21,500/-								
FY 2015-16	Rs. 1,20,000/-								
4.	There was no tendering process applicable and only oral communication is done with the prospective suppliers and no documentation was done for the same. Some of such instances are mentioned hereunder:	The school noted the observation that instead of oral agreements/communications, proper written quotation should	Accepted by school. Compliance shall be verified at the time of next fee increase						

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<ul style="list-style-type: none"> The school had entered in a contract with Ajay Copy Care for Photostat Expenses for FY 2013-14 & FY 2014-15 but no such physical copy of contract was made available by the school for verification of payments made during the inspection period. The school has entered into a contract with Jodo Gyan Educational Services for Workshop Activities for FY 2013-14, FY 2014-15, FY 2015-16. The observations regarding this payment under this contract is as follows: FY 2013-14: Contract for FY 2013-14 (July,13 - Mar,14) @ Rs. 25,000/- per month but payment made in April,13 & May,13 also without any contract @ Rs 47500/- for each month. FY 2014-15: Contract for FY 2014-15 @ Rs. 30,000/- per month but payment made Rs.60,000/- in excess to contract payment for teachers training which was not supported by any contract. 	be procured for the purpose of procuring material supplies school.	for proposal of the school, if any.
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And whereas, after going through the representations dated 09.03.2017 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 deficit of Rs. **1,301,958/-** as per the following details:-

Particulars	Amount (Rs.)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	20,475,956
Total	20,475,956
Less: Development Fund (As per School Submission) 40,63,920 Less: Allowable Capital Expenditure <u>40,63,920</u> Balance Development Fee _____	4,063,920
Less: Depreciation Reserve Fund#	-
Less: Provision for Retirement Benefits (65% allowed)*	16,407,210
Available Funds	4,826

4h.

Particulars	Amount (Rs.)
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)	195,012,652
Other income for 2015-16 as per financial statement	11,328,644
Estimated availability of funds for 2016-17	206,346,122
Less: Budget expenses for the session 2016-17 as allowed in inspection	207,648,080
Net Deficit	(1,301,958)

#In the Financial Statements of the school for FY 2015-16 depreciation reserve fund is nil.

*The school is allowed 65% of the provisions created for gratuity and leave encashment as the school do not have equivalent investments against these provisions and the total burden of the same cannot be allowed to be borne by the students in one single year. The school is hereby directed to make earmarked equivalent investments against provision for Gratuity and Leave Encashment (as mentioned in above table) 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 based on actuarial valuation.

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 02.02.17, on the ground that the school had 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, 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 liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 09.03.2017 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, the Director (Education) has decided to allow the school to increase the existing fee by 5% for the session 2016-17.

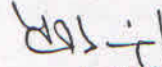
Accordingly, it is hereby conveyed that the representations for fee hike of The Heritage School, Sector-23, Rohini, Delhi-110085, has been accepted by the Director of Education and the school is hereby allowed to increase the existing fee by 5% for the session 2016-17.

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

1. Compliance of all the instructions as mentioned in the order dated 02.02.17 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. 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).
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.

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
The Heritage School,
Sector-23, Rohini, Delhi-110085.
No. F. DE-15/ACT-I/WPC-4109/PART/13/ 861

Dated: 02/02/2017

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