

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F. DE-15/ACT-1/WPC-4109/PART/13/ 964

Dated: 13/10/2017

ORDER

Whereas, the request of De Indian Public School, Pocket -11, Sector -24, 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/13/226-230 dated 26.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Deputy Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of De Indian 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 De Indian Public School on 11.05.2017 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 11.05.2017 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.	Registration fee of Rs.200 charged by the School is in excess of the limit of Rs.25 per student prescribed in the Order No. F.DE./15(56)/Act/2009/778 dated 11/02/2009. As per the	It has been decided to charge the registration fee of Rs 25/-from the session 2017-18.	Accepted by the school. School should follow DOE instructions in this regard.

	<p>school, registration fees is Rs 25 and remaining Rs 175 is for school prospectus, which is not mandatory to be paid.</p>		
	<p>School has been charging from the students one time "Development Fee", which is more than 15% of the Fee.</p>	<p>The school charges development fee only once at the time of admission and has submitted calculation for development fee as 15% of tuition fee chargeable for 14 years from students.</p>	<p>School is directed to follow DoE instructions in this regard. If the school does not maintain and utilise development fee fund account in accordance with clause 14 of the said order, the school shall not be allowed to charge development fee in future. School is directed to change this system. All fresh admissions to be charged development fee as per further requirement of the school and as per DoE instructions.</p>
3.	<p>No fee structure for 'Play School' operated by the school during the F.Ys 2013-14 and 2014-15 was submitted to the DoE; however, the income from the same has been recognized in the books of accounts for the School.</p>	<p>DoE has given recognition to the school only from pre-school onwards (age 3+). Therefore it was not required to submit fee structure of play school to DoE. Moreover, the play school has been closed since 2014-15.</p>	<p>The school is not allowed to operate Play School without the permission of DoE.</p>
4.	<p>The school is not complying with Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. Development Fee received Rs.2,31,430 and Rs.15,51,000 during the F.Ys 2013-14 and 2014-15 respectively, aggregating to Rs.17,82,430 was not shown under the Development Fund account in the accounts for those years and wrongly treated as income in Income and Expense account.</p>	<p>Separate bank account has been opened and a sum of Rs.25,00,000/- has been transferred to the same.</p>	<p>Accepted by the school. School should follow DoE instructions in this regard. If the school does not maintain and utilise development fee fund account in accordance with clause 14 of the said order, the school shall not be allowed to charge development fee in future.</p>

	The School has been paying for Edu Comp hardware on installment basis and treating the installments amounts paid towards the liability as revenue expense in Income and Expense account. It is not capitalizing the cost of fixed asset in respect of Edu Comp hardware. The expenditure on this account till 31.03.2016 amounts to Rs.9,75,247.	Hardware part will be considered as fixed assets and the content part will be considered as revenue expenditure.	Accepted by the school. Compliance shall be verified at the time of next fee increase proposal of the school.
6.	Un-refunded caution money has been not recognised as income by school. Further, interest on caution money is not refunded to students on leaving the school. As such, school has not complied with Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	Caution money has been treated as liability as the same needs to be refunded to the parents. Hence, it cannot be considered as income.	School should follow DOE instructions in this regard.

Other discrepancies:-

1.	The School has not shown specific expenditure incurred against various specific/earmarked fees received in its accounts.	The school has opened different accounts apart from school fund account and specific expenditure is incurred through specific earmarked accounts from the session 2016-17.	Accepted by the school. School should follow DOE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school.
2.	The procedures and guidelines for procurement of material and services were not available with the School.	Procedure and Guideline for procuring the material and services have been framed and we have started preparing the comparative statements.	Accepted by the school. School is directed to implement effective internal control systems in relation to procurement of goods and services.
3.	Usually payments for expenses are made without written approval from the authorised signatory.	Goods are procured and payments are made after receiving approval from authorised signatory.	School is directed to implement effective internal control systems in relation to procurement of goods and services. Compliance shall be verified at the time of next fee increase proposal of the school.

4.	In the case of payments made through the bank, neither any hard copy of payment voucher was maintained nor were the receipts of payees shown during Inspection.	The vouchers now been maintained for payments made through cheque/bank also. The receipts of the payees are also being maintained now.	Accepted by School. School is directed to implement effective internal control systems in relation to maintenance of its records and books of accounts. Compliance shall be verified at the time of next inspection. Increase proposal of school.
5.	The Schedule regarding the designated fund is not prepared by the School in the format prescribed under the Guidance Note on Accounting of Schools issued by The Institute of Chartered Accountants of India, required in Order no. F.DE-15/ ACT-I/WPC-4109/Part/13/ 7905-7913 dated 16-04-2016.	The designated accounts have been opened in the scheduled bank and the designated funds are now maintained in the books of account.	Accepted by the school. School should follow the instructions in this regard.
6.	There were no accounting policies in the audited financial statements for F.Y 2013-14, F.Y 2014-15 and unaudited financial statements for F.Y 2015-16. However school has furnished significant accounting policies prepared by school during inspection for the 3 years.	We have started following the accounting policies from FY 2015-16 onwards.	School is directed to disclose its accounting policies with its financial statements in accordance with general accepted accounting principles ICAI pronouncements.
7.	Single bank account is used by school for all its payments.	We have opened separate bank accounts now.	Accepted by the school. School should follow the instructions in this regard.
8.	The income generated from all investments is recognized as School income in the Income and Expenditure Account.	Interest on investment comes under income & expenditure account only and the same is being maintained.	Interest earned on investments for special funds needs to be credited to the concerned fund in accordance with the provisions of orders of DoE. School should follow the instructions in this regard.

And whereas, after going through the representations dated 16.01.2017 and submissions made by the school during the hearing held on 11.05.2017 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. **3,03,50,522/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	31,37,373
Investment as on 31.03.16 as per School Submission	1,85,60,000
Less: Investment as required under CBSE affiliation	2,60,000
Total	2,14,37,373
Less: Development Fund@	0
Less: Depreciation Reserve Fund (As per School Submission)	5,15,472
Available Funds	2,09,21,901
Fees for 2016-17 as per audited financial statement	5,27,47,647
Other income for 2016-17 as per audited financial statement	25,37,502
Estimated availability of funds for 2016-17	7,62,07,050
Less: Actual expenses for the session 2016-17 as per audited financial statements.*	4,58,56,528
Net Surplus	3,03,50,522

@ As per audited financial statement for FY 2015-16, development fund is Nil.

*In the audited Financial statement for FY 2016-17, the school has incurred 4,77,62,013/- as revenue expenditure and Rs 51,93,095 as capital expenditure. In the revenue expenditure, the school has provided for arrear for 7th Pay Commission amounting Rs. 41,90,000/-, Contingency fund amounting Rs 19,08,580/- and Depreciation Reserve Fund amounting Rs 10,00,000/-. All these expenses are not considered in above calculations for the following reasons:

1. Directions for creation of provision against arrear for 7th pay commission are yet to be issued by Directorate and hence, this amount was not considered;
2. The purpose of creation of contingent fund is not clear and seems unreasonable and hence, this amount was not considered;
3. As per clause 14 of order dated 11.02.2009, depreciation reserve fund is to be created equivalent to the amount charged in the revenue account. School has already charged Income and Expenditure account for the year 2016-17 with depreciation amounting to Rs. 37,73,784. Additionally school has provided for depreciation reserve fund amounting to Rs. 10,00,000 which seems to be incorrect and hence, the same cannot be not considered.

And whereas, it is observed that the school has provided for Gratuity amounting to Rs. 41,35,680/- during FY 2016-17 and separate Fixed Deposits for the same was also created. The school is advised to make earmarked equivalent investments against provision for retirement benefits with LIC (or any

agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. The provisions for retirement benefits 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 is evident that the school has not followed prudent financial practices over the years and as it not earmarked/blocked up equivalent investments against retirement liabilities/ 03 months salary reserves as mandated by the Act. The school is hereby advised to provide for the retirement liabilities and build up earmarked investment with LIC (or any other agency) for the same, prudently providing for it, over a number of years, and not in an adhoc manner in a particular future year so as to unreasonably burden students in that year.

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 16.01.2017 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.

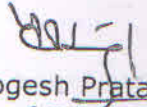
Accordingly, it is hereby conveyed that the representations for fee hike of De Indian Public School, Pocket -11, Sector -24, Rohini, Delhi -110085, has been

ected by the Director of Education. Further, the management of said school is
reby directed under section 24(3) of DSEAR 1973 to comply with the following
rections:

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. 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
De Indian Public School,
Pocket -11, Sector-24, Rohini, Delhi -110085

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 964

Dated: 13/10/2017

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