

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/ 885

Dated: 4/9/2017

ORDER

Whereas, the request of Indira Ideal School, C-3, Janakpuri, New 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/13/492-496 dated 20.02.2017 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 Indira Ideal 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 Indira Ideal School on 19.05.2017 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 19.05.2017 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 discrepancy	Submissions of the school	Remarks
1.	The school has incurred Rs.74,29,945 towards computer expenses during the period under review (2013-14, 2014-15 and 15-16) which were capital in nature. However, these expenditures were not capitalised but charged to income and expenditure account in the respective financial years. This led to a	The contract was awarded at a price of Rs. 150,000 plus service tax, which includes the cost of salary of three instructors,	No supporting documents are enclosed to substantiate the claim. Further, the school should

	<p>reduction of general fund. Year wise breakup of the above mentioned spending are as follows :</p> <ul style="list-style-type: none"> ➤ 2013-14 - Rs. 27,31,020 ➤ 2014-15 - Rs. 23,59,750 ➤ 2015-16 - Rs. 23,39,175 	<p>software, hardware and computer maintenance provided by the company. Hence, it is undisputable that the salary, maintenance, cost of software, etc., which are included in the said account cannot be capitalised.</p>	<p>follow financial prudence while committing any cost from the school funds. The compliance shall be reviewed at the time of next fee increase proposal of the school, if any.</p>
2.	<p>As per clause 18 of Order No. DE/15/150/ACT/2010/4854-69 Dated 09.09.2010 issued by DoE, the school should return the caution money along with the bank interest thereon to the students at the time when the students leave the school 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 expiry of 30 days. The observation noted on the above issue are as follows:</p> <ul style="list-style-type: none"> ○ Caution money refunded without any interest amount thereon, violation of Clause 3 of Public notice dated 04.05.1997. ○ The school is not recognizing the un-refunded money as income in its books of accounts. 	<p>The school has stopped collecting caution money from 2014-15.</p>	<p>The school should follow instructions of DOE in this regard. The compliance shall be reviewed at the time of next fee increase proposal of the school, if any.</p>
3.	<p>As per clause 22, earmarked levies will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. The funds collected for specific purposes under earmarked fund are being collectively used along with the tuition fees to meet the day to day expenses of the school. No separate accounting or records are being maintained by the school for the funds collected for specific purposes. The surplus or deficit of earmarked funds is as detailed below (Cumulative amount for 2013-14, 2014-15 and 2015-16):</p> <ul style="list-style-type: none"> ➤ Activity Fees (-)13,54,400 ➤ Transportation Fees 12,79,575 ➤ Computer Fees 33,25,828 	<p>The amount collected for earmarked levies of the school has been only utilised for the stated purpose and the school is not earning any profit from the same.</p>	<p>The school is not allowed to earn any surplus out of earmarked levies charged from the students and therefore, school should follow DoE instructions in this regard. School should maintain proper</p>

	<ul style="list-style-type: none"> ➤ Science Fees 4,54,090 ➤ Examination Fees 8,23,575 ➤ Total 45,28,628 		<p>accounts for the earmarked levies charged from the students. The compliance shall be reviewed at the time of next fee increase proposal of the school, if any.</p>
4.	<p>The school doesn't have a defined procurement process or a flow chart defining the procurement cycle. According to them, examination of arm's length price were not possible in many major contracts, where contracts were awarded without inviting quotations were detailed below:</p> <ul style="list-style-type: none"> ○ Comp-Point Systems (I) Private Limited - Contract entered into on 01.04.2012 for 3 years for providing 40 Computers and 3 Instructors at a monthly charge of Rs 1,50,000 (Total contract value - Rs 54,00,000). The same was renewed on 01.04.2015 for another 3 years. ○ Extramarks Education India Private Limited - Education software licence and maintenance for Rs. 6,30,000 per year. ○ Satyam Security Service - for supply of Contractual staffs, security guards. @ Rs 12,500 per month per person. ○ Mr Sandeep Kulshrestha (Manager of the School) - Rent for Nursery section @ Rs 65,000 per month. ○ Creators - School magazine printed approximately 1800-2000 pieces @ Rs 115 to Rs 120 per pic. ○ Shiva motors - bus hire charges Rs. 1,43,500 paid on 04.12.2014. ○ Country Inn & Suits (a 5 star hotel) - Rs. 1,47,300 paid to the hotel during annual picnic of the school. 	<p>- The procurement has been done after a detailed market research. The school has awarded the said contract at a price that is significantly lower than the market rates and as such the procurement of the said contract have been done while keeping the financial the interest of the school at utmost priority.</p>	<p>No supporting documents are enclosed to substantiate the claim. School should maintain proper documents in respect of selection of vendors and award of contracts. The compliance shall be reviewed at the time of next fee increase proposal of the school, if any.</p>

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The format of Balance Sheet, Income & Expenditure Account and Receipts and Payments Account were not in the format prescribed in Appendix-II of the Order no. F.DE15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16-04-2016.	The school has followed the prescribed format in accordance with Appendix-II as given in the order dated 16.04.2016.	School should follow the instructions of DOE in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
2.	The school has started to charge increased fees from the students without any approval from the DoE during the first quarter of financial year 2016-17. This is non compliance of Order No F.DE-15/ACT-I/WPC-4109/Part/13/10248-10255 dated 15/07/2016.	The issue has been adequately addressed and collected the said fee mentioning that the same may be subject to the approval of department. The school is in the process of complying with the order under reply.	The school should follow the instructions of DOE in this regard.
3.	The school was allotted a land, to use the same for running the nursery section, but the nursery section was shifted from the main school premises, to the house of the manager of the school (at a monthly rent of Rs. 65,000).	The main building of the school does not have adequate space and hence, the school has taken additional area on rent. It is baseless averred that the shifting of nursery wing creates safety issue for the children.	Improper justification. The school is directed to recover the rent paid within 60 days from the date of issue of this order. No Nursery section is to be run in the residence of Manager at the cost of safety and security of

			children. DDE district concerned is hereby directed to inspect the premises and to report compliance within 30 days.
4.	<p>The school spent Rs.1,38,17,136 on accounts salary remunerations and rent etc. during the three year period (2013-14, 2014-15 and 2015-16) paid to the relatives of Mr Kulshrestha - manager of the school. Whereas the relatives of the manager were employed/engaged in the school in various positions within the school including his wife and father. The extracts of the inspection reports were mentioned below (Name of the related person and amount paid in the three years period (2013-14, 2014-15 and 2015-16) and relations:</p> <ul style="list-style-type: none"> • Sandeep Kulshrestha - Rs. 8,22,744 - Manager of the School and Son of Narendra Kumar Kulshrestha, Landlord for Nursery. • Ritu Kulshrestha - Rs. 30,72,072 - Wife of Sandeep Kulshrestha (Manager of the school) . • Nalini Saxena - Rs. 21,72,516 - Vice - principal and Sister of Sandeep Kulshrestha and Daughter of Narendra Kulshrestha. • Pradip Kumar Kulshrestha - Rs. 8,56,524 - Brother of Sandeep Kulshrestha and son of Narendra Kulshrestha. • Surendra Kumar Kulshrestha - Rs. 5,06,400 - Brother of Narendra Kumar Kulshrestha and Paternal Uncle of Sandip Kumar Kulshrestha, Part time accountant. • Narendra Kumar Kulshrestha - Rs. 56,16,000 - Father of Sandeep Kulshrestha and Landlord for Nursery, He is also the Chairman of 	<p>The appointments of persons on school roll is completely in compliance of DSEA & R, 1973 and are qualified, competent to hold the said posts.</p> <p>Mr. Narender Kumar Kulshrestha has received only Rs. 2.16 lacs during 2013-14 but the amount mentioned in the order is Rs. 56.16 lacs, which is incorrect.</p> <p>Mr. Dushyant Kumar Kulshrestha is not relative of Mr. Sandeep Kulshrestha.</p>	<p>The school is falsely showing close relatives as holding of official positions in the school, as a form of diversion of funds which is strictly prohibited as per Act & Rules.</p>

	<p>the managing committee of the school.</p> <ul style="list-style-type: none"> • Kumar Kulshrestha - Rs. 7,70,880 - He is distant relative of Sandeep Kulshrestha 		
5.	<p>The school spent money under various occasions /purpose, which were not for the benefits of the students. Following are the extracts of the inspection report (All amounts mentioned below are the accumulated amount spent for 2013-14, 2014-15, and 2015-16):</p> <ol style="list-style-type: none"> 1. Rs. 15,73,960 spent for buying two luxury cars and Rs. 5,70,318 spent on the repairs and maintenance of all vehicles which are not used for the students. 2. Rs. 3, 04,500 spent for buying costly mobile phones and laptops, whereas most of the items including Apple I pad are used for personal purpose. 3. Rs. 1,56,855 spent on telephone expenses, whereas the corresponding mobile phone numbers were either not in the name of the school or the details were not available. 	<p>All 3 cars are permanently placed in the school and are used for students and staff.</p> <p>The 3 laptops and ipads purchased can only be seen as necessity and cannot even prima facie be determined as luxury.</p> <p>Regarding telephone expenses, it is submitted that telephone numbers are not necessarily be in the public domain.</p>	<p>The school is directed to recover these amounts from the society within 60 days from the date of issue of this order.</p>

And whereas, after going through the representations dated 29.03.2017 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 fund of Rs. **1,31,69,650/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per Audited Financial Statements	23,53,326
Investment as on 31.03.16 as per Audited Financial Statements	1,38,98,980
Add: Amount recoverable as rent paid to the Manager during the period under inspection	23,40,000
Add: Amount recoverable against payments made to Manager and his wife, brother and father	49,67,340

Add: Amount recoverable against purchase of Cars, mobile phones, Apple Ipad, payment of telephone expenses	26,05,633
Total	2,61,65,279
Less: Development Fund and Depreciation Reserve Fund#	0
Less: Provision for Retirement Benefits*	99,62,671
Available Funds	1,62,02,608
Fees for 2015-16 as per Audited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	5,82,09,819
Other income for 2015-16 as per financial statement	14,57,223
Estimated availability of funds for 2016-17	7,58,69,650
Less: Budget expenses for the session 2016-17 as submitted by school management	6,27,00,000
Net Surplus	1,31,69,650

#In the balance sheet of the school for FY 2015-16, development fee fund and depreciation reserve fund are nil.

* The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits 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 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, it is noticed that the school has paid rent to the Manager which amounts to Rs. 23,40,000/- for the period under inspection. Further, there are expenditures for purchase of cars, Ipad, mobile phones, etc., amounting to Rs. 26,05,633. Also, school has paid to manager and his relatives amounting Rs. 49,67,340/- from school funds. School is directed to recover these amounts. The deposits receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

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.

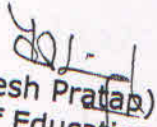
And whereas, as per clause No. 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11.02.2009, 'Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development Fee, 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, 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 29.03.2017 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 Indira Ideal School, C-3, Janakpuri, New 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 20.02.17 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
Indira Ideal School,
C-3, Janakpuri, New Delhi

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 885

Dated: 4/9/2017

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. Regional Director of Education concerned is hereby directed to inspect the school under Section 24(2) of DSEA&R, 1973, after examining CA Report and PMU report on fee hike for the academic session 2016-17 and submit inspection report within 10 days. No delegation of this order is allowed.
5. DDE concerned with the direction to inspect the Nursery School premises running at the residence of Manager of the school and submit a report within 30 days from the date of Issue of this order.
6. Guard file.


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

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