

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/ 875

Dated: 22/8/2017

ORDER

Whereas, the request of Modern Convent School, Sector-4, Dwarka, New Delhi-110078 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/13/371-375 dated 27.12.2016 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 Modern Convent 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 Modern Convent School on 15.05.2017 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 15.05.2017 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 school has transferred Rs. 10,00,000 to Modern Charitable Foundation in Cash during FY 2013-14 and the amount was refunded back in the same year. Further, Rs. 15,00,000 were transferred to other educational establishment 'Tekchand Mann College of Engineering,' under the same management in FY 2014-15 and the amount was refunded back in the same year. Though the amounts transferred have been refunded to the school but this is non-compliance of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999.	No response.	The school is not allowed to transfer any amount to the society or other institutions from the school fund. This is clear cut violation of DoE instructions and judgement of Hon'ble Supreme Court in Modern School judgment.
2.	As per Financial Statements of the School for the year ended March 31, 2014, Rs. 91,80,900 was payable to Modern Charitable Society. The same amount remained outstanding as payable on March 31, 2016. There are difference in the fee collected by the school as per books of accounts when compared with the fee to be collected during FY 2013-14, FY 2014-15 and FY 2015-16. Even the school management was not able to reconcile the same and no explanation was submitted for	No response. Due to clerical error of accountant, the fee was recorded in wrong head.	Incomplete response. The school should reconcile the fee received at reasonable time intervals so that such errors can be detected at an early stage.

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Tuition Fee	Annual Fee	Tuition Fee	Annual Fee	Tuition Fee	Annual Fee
Fee to be	9,71,49,999	84,80,418	10,62,67,918	92,60,719	11,69,39,132	1,00,91,360

	collected as per Fee Structure & Number of Students								
	Fee collected as per Income & Expenditure Account	9,81,66,964	76,77,923	10,45,62,640	84,03,845	11,69,43,846	1,01,04,945		
	Net Difference / (Short) Collection	10,16,965	(8,02,495)	(17,05,278)	8,56,874)	4,714	13,585		
3.	The school has not maintained Development Fund in FY 2013-14 and FY 2014-15 and has treated the development fund as revenue receipts instead of Capital Receipt. Depreciation Reserve Fund was not created during FY 2013-14 and 2014 -15. However in FY 2015-16, the School has created Development fund treating it as a capital receipt along with Depreciation Reserve Fund. The practice of reducing the Depreciation Reserve Fund from Development Fund balance in its financial statements does not seem correct. Moreover no investments have been made against the unspent development fund. These are contraventions of Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	Agreed and clarified that the practice had been in vogue since past and no one from DoE had ever objected on the returns submitted under Rule 180 of DSEA & R, 1973 as sent year to year. However, noted for future.					The school has ensured to comply in future. The school should follow DoE instructions in this regard.		
4.	The school has not maintained any earmarked fund in respect of earmarked levies collected by the school in the form of Transport Fee, Computer Fee and Science Fee and if there is any surplus from any earmarked levies, it is used to meet the expenses under other heads. This is noncompliance of Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, which states that user charges should be collected on no-profit no loss basis and should be used only for the purpose for which these are collected. Subsequently, this directorate has calculated the amount of surplus/deficit from transport fee, computer fee and science fee and has made appropriate adjustments in reserves accordingly.	Due care will be taken in future in this context.					The school has ensured to comply in future.		
5.	It has been reported that 2 cars were sold in FY 2014-15 but their WDV was appearing in the books of accounts and depreciation was charged for the year on sold cars. Also the loss on sale was reflected as closing balance which was written off in next financial year. This has led to improper disclosure of True & Fair of Assets as on March 31, 2015 and Surplus/Deficit as per Income & Expenditure Account for the Year ended on March 31, 2015.	The error is regretted. As explained elsewhere in the response, the amounts of sale proceeds were credited in the school account.					The school should ensure to follow proper accounting practices. It shall be verified at the time of scrutiny of next fee increase proposal, if any.		
6.	The Bank Accounts are not reconciled with the bank statements for any of the years under inspection. The school has not considered interest income from savings bank account maintained with Axis Bank during the period	The school receives its fees in advance on quarterly/ bimonthly and monthly basis, which are kept in					Improper justification. The school should ensure that proper		

	under inspection and interest accrued on FDR was not properly accounted for in books of accounts. Moreover, school has taken loan from the bank whereas funds are lying idle in bank accounts of the school.	accounts to meet out the expenses. Since there is no surplus funds, the school has purchased capital assets by taking loan from the bank. However, more diligence on this count will be observed in future.	reconciliation of bank accounts with school books of accounts are done on periodical basis. It shall be verified at the time of scrutiny of next fee increase proposal, if any.
7.	The school has short collected Rs. 4,30,600 from students on account of Board Fees during FY 2013-14 and FY 2014-15. The board fee is collected in cash and is not recorded separately in books of accounts. This may be considered as contravention of Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	It was a transitory phase of the management of the school and error occurred. The error is regretted.	Improper response. The school should ensure to follow proper accounting practices and to develop proper internal control system so as to plug revenue leakages.
8.	The school has constructed building from the school funds. This is contravention of Clause 2 of Public Notice dated 04.05.1997 which states that it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society. The school has spent Rs. 2,98,77,263 in FY 2013-14, Rs. 2,46,988 in FY 2014-15 and Rs. 24,17,403 during FY 2015-16 on the construction of Building. Further Rs. 1,05,86,607 has been spent on Turf during FY 2013-14 which can also be considered as part of the Land & Building of the school.	No response.	As per Judgement of Modern School Vs UOI, the capital expenditure is a charge on savings. The school should follow Rule 177 of DSEAR, 1973 and Modern School judgement in its true letter and spirit. Compliance shall be verified at the time of next fee increase of the school, if any.
9.	The school has spent Rs. 1.20 Crore (approximately) for purchase and installation of Turf which is just for the beautification of the school and was not for imparting education. This may be considered as contravention of Rule 176 and 177 of DSEA & R 1973.	Turf was purchased for better performance of students in sports and also for maintenance of cleanliness in the school. Further, care will be taken in deciding such purchases issues in future.	Contention of the school is accepted.
10.	It seems impractical that school has let out swimming pool, book/uniform shop and canteen without any consideration. If so, this is a potential loss of revenue to the school. This may be considered as contravention of Clause 3 of Order No. 1978 dated 16.04.2010 and Clause 11 of Order No. F.DE./ 15(56) /Act/ 2009/ 778 dated 11/02/2009 which states that 'the schools should not consider the increase in fee to be the only source of augmenting their revenue. They should also venture upon other permissible	No shop was operated by Management but it was kind of facility provided for the parents without any consideration lest it would have amounted to be commercial activity. The swimming pool and canteen were let	Improper justification, which has led to lack of prudent financial management. The school should follow DoE instructions in

	measures for increasing revenue receipts'.	out on 'no profit no loss' basis.	this regard.
11.	An insurance claim was not filed for an accidental car for which expenses of Rs. 1,39,850 was incurred on repair. This is an avoidable loss to the school.	Claim was settled by insurance company by way transferring an amount of Rs. 1,25,779/- in the school account and the amount was credited on 09.02.2016. Copy of the document from insurance company is enclosed.	Accepted in light of materiality of transactions.
12.	Cars may be purchased considering the requirements of the school. The school has bought a Fortuner Car for Rs. 21.86 Lakhs which was sold within 3 years for Rs. 11 lakhs. Moreover, the school has also sold 6 cars but the payment receipt was not produced for inspection.	The details of sale of six cars and Fortuner Car were explained to the inspecting team. The amounts of sale proceeds were credited in the school account.	Unacceptable. Full amount to be refunded by the Society. Compliance should be demonstrated before submitting of next fee increase proposal.
13.	The school has not provided for payment of Gratuity and Leave encashment in its books of accounts. This is non-compliance of Guidance Note 21 'Accounting by Schools' issued by ICAI.	The accruable benefits on account of Gratuity etc. are being released in proper manner. However, the said account will be opened soon subject to availability of funds.	The school should provide for all statutory liabilities.

Other discrepancies:

S. No.	Detail of discrepancies	Submissions of the school	Remarks
1.	The school has charged increased fee from the students during the academic session of 2016-17 and the adjustment was not made till the time inspection was undertaken. In this relation the school has issued a circular the relevant adjustment in the fee shall be made in the third quarter fee. This is non-compliance of Order No. F.DE-15/Act-I/WPC-4109/Part/13/ 7914-7923 dated 16-04-2016.	No response	The school should comply with the DoE order in this regard. Compliance shall be verified at the time of next fee increase of the school, if any.
2.	The following internal control weaknesses in the process followed by school: a. For fee collection, fees booklets given to the students are not serially numbered & no separate receipt is issued against payment of fee. Moreover, in case fee booklet is lost by students, the same is re-issued free of cost on verbal request from the parents. In case of cash management, the person who prepares voucher, also manages the cash and enters the transactions in software. b. The School was using fee collection software in which records can be manually changed; the excess fee collected from students was shown as advance fee automatically by the software but it can be changed manually to any other head of income like late fee. c. The school is not maintaining uniformity in the periodicity of collection of fee and is collecting fee on quarterly basis too. This is contravention of Order no. DE.15/Act-I/Misc./2013/8643 dated 01/05/2013 which specifies that the unaided private schools shall	Though no misappropriation was noted by the inspection team, yet it is noted that fee receipts shall be numbered in future. Though at no time the manual change of fee head was made and yet the observation has been taken care off and scope of error has been eradicated. It is purely the choice of parents to pay the fees on monthly, bimonthly or quarterly basis as per	School has ensured compliance in future. The compliance shall be reviewed at the time of next fee increase proposal, if any. Considered.

	<p>collect fee by 10 day of the month in which the fee becomes due.</p> <p>d. The school is not preparing financial accounts as per the format prescribed in Appendix - II of DSER, 1973. This is non-compliance of Order No. F.DE-15/Act-WPC4109/Part/13/7905-7913 dated 16-04-2016.</p>	<p>their convenience. No response</p>	<p>The school should follow DoE instructions in this regard.</p>
3.	<p>On analysis of the major contracts entered by the school, it has been noted: The school is not following generally accepted procedures like inviting tenders, bids, quotations, etc. for the procurement of goods or services required for the school. The contracts are awarded after searching the vendor on the basis of their quality of work done/ services rendered elsewhere.</p>	<p>The contracts are awarded after searching the vendors on the basis of their quality of work done/ services rendered elsewhere. However, the school has started adopting the procedure of inviting tenders/ bids/ quotations.</p>	<p>The school has ensured the compliance in future.</p>
4.	<p>In the following contracts discrepancies regarding arm's length price was observed:</p> <p>a. C-Tech Systems & Megha Computer Services amounting Rs. 51,30,410 and Rs.1,05,79,390 respectively during FY 2013-14 to FY 2015-16. Further contract issued to Giga Byte Technology. These three firms are related to each other as have common billing address and contact numbers.</p> <p>b. Madan Lal - Contract awarded for the construction of basement and 4 floor. Estimated Cost of project Rs. 4 Crores.</p> <p>c. Arya Facilities Pvt. Ltd. - Contractor for providing manpower to School.</p> <p>d. Turf purchase and installation agreement with Tiger Turf NZ Ltd. of Rs. 48,06,110 and Altus Sports & Leisure Pvt. Ltd. of Rs. 20,72,597 respectively. The school has also spend Rs. 37,07,905 on raw material and other expenses on lying of Turf out of which Rs. 10,65,400 was paid to contractors 'Shyamal' and 'Sultan'.</p>	<p>The parties were using the same premises but dealing separately and as such the school did not observed any illegality in it. However, the school will ensure that no such situation occurs in future. The estimated cost of construction was on the basis of scheduled rates of PWD/MCD. However, the payments shall be based on actual expenditure.</p> <p>The school has set the prices as low as available in the market. However, further care shall be taken to low down the cost.</p> <p>Turf was purchased for better efficiency and performance of students in sports. Two contractors were roped into for completing the work in minimum possible time. Further care will be taken in deciding such purchases issues in future.</p>	<p>In light of non transparency of procurement process, the Deputy Director of Education concerned is directed to examine authenticity/ genuineness of these transactions of goods/services procured by the school.</p>
5.	<p>On review of expenses incurred by the school during the period under inspection following were observed:-</p> <p>a) Gupta Enterprises was paid Rs. 22,99,997 during the three years under inspection and has been paid @ Rs. 1.20 per copy as photocopy charges. No agreement exists with vendor and no record has been maintained in respect of quantity of photocopies done. The payment is made as invoiced by the vendor on the basis of slips given by school.</p> <p>b) Jaggi Light and Tent House was paid Rs. 15,43,546 and Jaggi Caterers Decorators was paid Rs. 19,78,161 during the three years under inspection. Both vendors seems to be related to each other. Invoices have been raised without any itemized details and service tax has not been properly charged in the invoices.</p>	<p>The service provider was hired @ Rs. 1.20 per page for photocopy against the market rate of Rs. 2 per page. Also, the service provider picks the documents and drops the copies of the documents. However, more procedural diligence will be observed in future. The vendors are same but the works are different and from different premises.</p> <p>The labour was hired from the chowk on the basis of day to day need</p>	<p>In light of non transparency of procurement process, the Deputy Director of Education concerned is directed to examine authenticity/ genuineness of these transactions of goods/services procured by the school.</p>

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	<p>c) Building Repair & Maintenance: Cash payment of more than Rs. 1 Crore for 3 years under inspection has been made to the labour but no document has been maintained in respect of the labour deployed on daily basis.</p> <p>d) ADI Visuals and Neelam Crafts payment made Rs. 2,75,000 and Rs. 3,00,000 respectively. Services was taken for annual function, two vendors hired for same service, one was giving service for day one and other was giving service for next two days of function. It seems that both vendors are related.</p> <p>e) Catering expenses paid to various vendors have big variations as to the rates charged by them.</p>	<p>under the direct supervision of the caretaker and the payment was made there and then on the daily basis. Hence, no register was maintained for the purpose.</p> <p>It is clarified that both the vendors are different. It was a major function for a period of three days and two service providers shared their equipments for three days and the receipts were issued. However, diligence will be taken so that no such situation happens in future.</p> <p>Different vendors has to be roped in as the programs were on different dates and the same caterers were not available.</p>	
6.	<p>Findings from the inspection of top 200 payments can be summarized as under:</p> <p>a. Vendor C-Tech System raised invoices to Modern Convent School only.</p> <p>b. Service tax has been charged by the unregistered vendor under service tax and service tax not charged by vendor registered under service tax.</p> <p>c. Date was not mentioned on Invoice in some cases.</p> <p>d. Invoices have been raised by different vendors having same address.</p> <p>e. Some invoices were not in proper format and were without proper description of services/goods supplied.</p> <p>f. In some instances payments have been made against 'Estimates' instead of proper invoice.</p> <p>g. There were some instances where school has not entered into any agreement with the vendors.</p> <p>h. Invoices raised by the vendor were not in sequence as per the dates prescribed on it.</p> <p>i. Cash payments made to labour without any record of attendance being maintained by school.</p> <p>j. Delivery challans are not being maintained by the school.</p> <p>k. There is overwriting on the invoice raised by the vendors.</p> <p>l. Accounts being squared up without the receipt of the final invoice from vendor.</p> <p>m. Extra expenses booked under the head -</p>	<p>The school cannot comment in any way.</p> <p>Service tax number was not mentioned on the face of invoice. The vendor is registered with Service Tax Department. Copy of registration enclosed.</p> <p>Noted for future compliance.</p> <p>Two vendors i.e. Sultan and Shayam Lal have same address and phone number as they are father and son but both are working independently.</p> <p>Noted for future compliance.</p> <p>Noted for future compliance.</p> <p>The contracts were awarded after searching the vendors on the basis of their quality of work done/ services rendered elsewhere and also after confirming the rates from the open market, in the best interest of the school and in an economical way. However, it is noted for future for further streamlining the process.</p> <p>The labour was hired on day to day basis under</p>	<p>In light of non transparency of procurement process, the Deputy Director of Education concerned is directed to examine authenticity/ genuineness of these transactions of goods/services procured by the school.</p>

	<p>telephone expenses of Rs. 1,29,468 on 26.06.2015.</p> <p>n. Payment of invoices which pertains to previous years.</p>	<p>the supervision of the care taker and the payment was made on daily basis. Hence, no register was maintained for this purpose. However, it is noted for future.</p> <p>It is practiced that copies of challans are not maintained by the school. However, it is noted for future.</p> <p>The perusal of the bill shows that there is no correction done in the bill under inspection. It seems that there is overwriting without any counter signature but it was inadvertent.</p> <p>It was just a human error. It was an additional amount paid to IGL and was inadvertently booked as telephone expense. Sometimes payments are carried forward due to delay in receiving of bill. However, noted for future.</p>	
7.	<p>The verification of Cash book has revealed that there was Negative Cash balance on 09.12.2014 amounting to Rs. 32,263.73; payments made to drivers/ helpers were not matching with amounts entered in cash book on 09.12.2014 along with the month of October 2014 and approximately Rs. 1 Crore has been paid in cash on account of labour charges for Building Repair & Maintenance during FY 2013-14 to 2015-16.</p>	<p>This was inadvertent because this is due to the payment of Rs. 1,53,124 to the drivers in cash. The salary was paid on 10th day, but inadvertently was reflected on 9th day which led to negative balance. However, it is noted for future.</p> <p>Payments were made to labour for restoration of 32 toilet blocks which includes dismantling as well. Also, amount was paid for whitewash of building, repair and painting, varnishing of school furniture, raising of boundary walls as per Govt. instructions.</p>	<p>The finding of special inspection of payment of Rs.1 crore in cash to labour raised doubts on authenticity of transactions. Matter to be referred to Labour Department, Govt. of NCT of Delhi for checking legal compliances at their end also, in this regard.</p>
8.	<p>The following discrepancies were noted in the statutory payments made by the school during period under review:</p> <ol style="list-style-type: none"> TDS on salary was not deducted as per the legal provisions prescribed by Income Tax Act, 1961. TDS was not deducted on many transactions as required by the Income Tax Act, 1961. TDS returns pertaining to couple of quarters were not available on record and complete TDS returns were not available in some cases for inspection. It was also noted that TDS challans entered into TDS return were not mapped to the deductee records. TDS returns have been filed late in most 	<p>Lapse, whatsoever it was, is regretted.</p> <p>The copies were not provided by school's CA. But as per Traces website, the TDS returns were filed and the copies of challans were submitted to the inspection team</p> <p>Though the delays in filing of TDS return were</p>	<p>The school is directed to comply with all applicable statutory provisions and ensure that timely compliances are undertaken. It shall be verified at the time of next fee increase proposal of the school, if any.</p>

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	<p>of the cases which has led to levy of penalty for late filling of TDS returns and the penalty levied has not been paid too. Moreover, there are defaults in the TDS returns filed by the school.</p> <p>e. In some instances TDS was deposited later than due date.</p> <p>f. The school has taken registration under WCT in last quarter of FY 2013-14, but the school was subject to WCT before that too. School has not deducted and paid WCT on many payments made by it. Moreover, there was delay in deposit of WCT and filing of returns in some cases.</p> <p>g. The school has not ensured the deduction and payment of PF of all the contractual employees.</p> <p>h. The school has not paid ESI on due dates and the payment of PF on due date cannot be verified in the absence of relevant documents.</p> <p>i. The contractors/ service providers/ manpower suppliers are not following PF and ESIC rules and this may lead to whole liability on the school in respect of payment of ESIC and PF in respect of persons deployed in school by vendors.</p>	<p>occasional, yet the same are noted for future compliance.</p> <p>Noted for future.</p> <p>After the receipt of the notice from VAT department, the school has come to know about the provisions and thereafter took the registration. However, the delays in filling deposits of WCT are regretted and noted for future and no payments are delayed.</p> <p>Noted for future compliance.</p> <p>Noted for future compliance.</p> <p>Noted for future compliance.</p>	
9.	<p>The school does not have details of the students to whom the caution money was refundable. Caution money refundable is reflected as liability in the books of accounts and the school management has explained that caution money and transport security is refunded to the students as and when demanded along with the original receipt issued by the school. Moreover, as required by Order no. DE/15/150/ACT/2010/4854-4869 dated 09/09/2010, the school has not sent registered letter to the ex-students to claim refund of caution money. The un-refunded caution money has not been considered as income of next financial year and has not been taken into account while projection fee structure for ensuing academic session. These are contraventions of Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. It was further noted that in some cases the caution money has been refunded in cash without any supporting /original receipt being attached with the voucher.</p>	<p>The amount of caution money was given to the claimant with interest as and when they approach the school and no registered letters were sent to the claimant for refund of caution money so as to minimizing the expenses. However, it is noted to treat the same as income in future. It is further added that no caution money is being received w.e.f. 2005.</p>	<p>The school should ensure to follow proper accounting practices to maintain its books of accounts in proper manner. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>
10.	<p>Some discrepancies were observed in FY 2013-14 pertaining to the refund amount given to the students who withdraws from the school. This is contravention of Clause (b) of Order No. 15 DE/Act/2010/ 726-36 dated 11.02.2011.</p>	<p>No response</p>	<p>The school should follow DoE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>
11.	<p>On verification of payments made to teaching and non-teaching staff, some discrepancies have been noted in respect of rules applicable /governing the school. In some case of payments made to guest and contractual teachers by the school, the salary due per terms of employment and salary paid were not in consensus. . Moreover, it was also noted that there is a difference of Rs. 6,57,466 in Salary Due and Salary Payable as on March 31, 2016.</p>	<p>The error is regretted and it will be ensured that such discrepancies do not creep into in future.</p>	<p>The school is directed to comply with all applicable statutory provisions and ensure that timely compliances are undertaken. Compliance shall be verified at the time of next fee</p>

			increase proposal of the school, if any.
12.	The school has not transferred 10% of the surplus to Reserve Fund as required by the Rule 177 of DSEA & R 1973 and earmarked levies collected were not specifically used for the related expenditure as required by Rule 176 of DSEA & R 1973.	Agreed that the reserve fund for retirement benefits have not been made and now it will be made as per the resolution passed in MC minutes subject to availability of funds.	The school is directed to comply with the DoE instructions in this regard.
13.	The school has not utilized the interest on deposit pledged in favour of the Government as the same was not received by the school.	The school abides by its declaration number MCS/016/7338 dt 16.09.2016 as submitted to the inspection team.	The school is directed to comply with the DoE instructions in this regard.
14.	Minute book of the selection committee has not been maintained by the school. It was also noted that the appointment of all teachers are being ratified in the upcoming Managing Committee meeting although the teachers start attending the school for 2-3 months before ratification.	Vide MCS/016/ 7383 dt 17.09.2016 it was clarified that the process of selection of the staff/ teacher is through a well designated procedure and the observation of the selection committee are maintained. Selections are finalised by the committee and in the interest of education of students, appointments are issued in anticipation of ratification from the management committee.	The school is directed to maintain proper minute books of meeting of selection committee.
15.	Inspecting team was not able to carry out the complete physical verification of assets as the school has not updated the Fixed Assets Register. School has converted the Psychology lab in to class room hence assets of psychology lab cannot be verified. They have verified only School Buses, Smart Boards, Transformer and Building of school.	It is regretted that inspection team could not carried out physical verification of fixed assets. Fixed assets register was partially updated and the same will be updated.	The school is directed to maintain proper fixed assets register with complete details of quantities, value, location, etc. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
16.	That the PTA representative Mr. Jitender Chhikara is closely related with the school and his children are having 100% fee concession from the school. He has attended Managing Committee meeting for all the three years under inspection. In such a scenario, the independent decision making of Mr. Jitender Chhikara is to be looked into.	Considering the observation, Sh. Jitendra Chhikara has been replaced from the PTA committee.	Compliance shall be verified at the time of next fee increase proposal of the school, if any.
17.	The school has given free-ship to 6 students due to support of their parents/ relatives in the establishment of school. There are two complaints filed against the school in Labour Court. The cases are pending and the current status of the cases is not known.	No response	Compliance shall be verified at the time of next fee increase proposal of the school, if any.

And whereas, after going through the representations dated 11.02.2017 and submissions made by the school during the hearing held on 15.05.2017 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. **2,26,75,959/-** as per the following details:-

Particulars	Amount(Rs)
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Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per Audited Financial Statements	1,82,89,714
Investment as on 31.03.16 as per Audited Financial Statements	4,83,503
Add: Amount recoverable against purchase of Cars (2 Innova Cars and a Fortuner Car)	39,73,908
Total	2,27,47,125
Less: Development Fund and Depreciation Reserve Fund#	0
Available Funds	2,27,47,125
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)	17,14,38,417
Other income for 2015-16 as per financial statement	10,78,092
Estimated availability of funds for 2016-17	19,52,63,634
Less: Budget expenses for the session 2016-17 as submitted by school management (excluding Capital Expenditure on Building (development fund) and repayment of Bus Loan (revenue income))	17,25,87,675
Net Surplus	2,26,75,959

#Development Fund and Depreciation Reserve Fund are not being maintained as per Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. Hence, these are not considered in above calculations.

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, 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 11.02.2017 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 Modern Convent School, Sector-4, Dwarka, New Delhi-110078, has been rejected by the Director of Education.

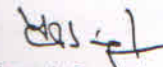
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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 27.12.16 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

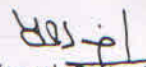
The Manager/HoS
Modern Convent School,
Sector-4, Dwarka,
New Delhi-110078.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 875

Dated: 22/8/2017

Copy to:-

1. The Commissioner (Labour), Govt. of NCT of Delhi, 5, Shamnath Marg, Civil Lines, Delhi-110054 with the request to direct the concerned to verify whether statutory compliances with regard to labour payment of Rs.1 Crore in cash to labour by the Modern Convent School, Sector-4, Dwarka, New Delhi-110078 during the Academic Session 2016-17, has been ensured.
2. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
3. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
4. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
5. Deputy Director of Education (_____), Directorate of Education, Govt. of NCT of Delhi, Delhi with the directions to look in to observations against Point Nos. 4, 5 & 6 (Table-2) and take action accordingly.
6. Guard file.



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