

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/ 948

Dated: 4/10/2017

ORDER

Whereas, the request of Mount Columbus School, Dakshinpuri, New Delhi-110062 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/13/376-380 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 Mount Columbus 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 Mount Columbus School, Dakshinpuri, New Delhi-110062 on 18.05.2017 at 02.00PM 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 18.05.2017 at 02.00PM 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 income shown in the financial statements of FY 2014-15 and FY 2015-16 under head tuition fees do not corroborate with the fee structure and number of students. Rs. 15,35,710 and Rs. 10,88,060 has been short received during the FY 2014-15 and FY 2015-16	There are EWS/DG group students from whom the school does not collect any amount or the concessional amount. Further, some students have not paid the full fees and left the school. We will	Accepted by school. No documents are submitted by the school to substantiate its claim. Details shall be verified at the time of next fee increase proposal of the school, if any.

	respectively. According to the school, this difference arose because of unrealized fees from students left during the years.	follow the proper procedure to collect the fees.	
2.	The school has charged Annual Function charges and Newspaper charges during FY 2014-15 and FY 2015-16 at Rs. 500 and Rs. 275 per student respectively and transport charges during FY 2013-14 To FY 2015-16 for which no receipts have been issued by the school. This is contravention to Clause 7 of Public Notice dated 04.05.1997 which states that all fees and funds can be collected by the school only in its own name against proper receipt. The amounts so collected are shown as reduction in the related expenses by crediting the accounts. Standard accounting practices require separate disclosure of all fees/charges collected and corresponding expenses.	We accept that no receipts were issued annual function charges and newspaper charges. But all are recorded in books of account. Regarding transport fee we have issued proper receipts till 2014-15 and from 2015-16 transport facility was discontinued. Standard accounting practices by showing separate disclosure of all fee charges have been started.	Accepted by school. The school should issue proper receipts against each amount collected from the students and present all receipts in books of accounts in accordance with provisions of DSEA & R, 1973.
3.	That the school has earned surplus from the earmarked levy of transport fee charged during FY 2013-14 only amounting to Rs. 3,29,200. This is contravention of Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which stipulates that earmarked levies shall be collected on 'no-profit no loss' basis.	It is not correct. The total collections was Rs. 4,19,200 against the total expenditure of Rs. 7,55,981.	School is directed to charge user fee on 'no profit no loss' basis and to apply proper fund based accounting in accordance with DoE and ICAI pronouncements. Compliance shall be verified at the time of next fee increase proposal of school, if any.
4.	That the school has set off Rs. 65,00,000 under the head 'Building under Construction' against Building Fund in FY 2014-15. Building Fund was created by charging Income & Expenditure account in 2013-14 and 2014-15. The writing off an asset against a fund created out of Income & Expenditure account	The building was created out of Income and Expenditure Account during 2012-13 and 2013-14 and the building was set off against the same in 2014-15. No revenue was effected by creating the building or	Improper response. School has neither provided nor earmarked any investments against the retirement benefits but using school funds for construction of building. As per Rule

	is not allowed as per Generally Accepted Accounting Principles (GAAP).	set off of building.	177 of DSEA & R, 1973 school can utilise the incomes derived by way of fees for meeting the pay, allowances and other admissible benefits to employees before incurring any capital expenditure for building. It seems that no building was ever constructed and writing-off of an asset tantamount to mis-utilisation of school funds. School is directed to submit documents, permissions, etc. in relation to building construction to substantiate whether any such expenditure was incurred or not.
5.	In FY 2015-16 the school has appropriated Rs. 30 lakhs to Income & Expenditure account as transfer to Building fund thus creating a deficit of Rs.20.51 Lakhs. Creation of notional fund in absence of available surplus is not as per standard accounting practices.	The figure is not correct. As per audited balance sheet for the financial year 2015-16, no appropriation is made and our deficit of funds is Rs. 4.11 lakhs instead of Rs. 20.51 lakhs.	In the Financial Statements enclosed along with the response submitted on 22.05.2017, the general fund schedule is incorrect and hence, these financial statements cannot be relied upon.
6.	Development fund collected by the school during the period under review has not been treated as Capital Receipt. Further the school has also not maintained Depreciation Reserve Fund equivalent to deprecation charged in revenue accounts and the amount of development fund collected has not been maintained in separate bank account. These are	The development fund has not been treated as capital receipt but the development fund is used for capital expenditure as car instalment to the bank, infrastructure of the school like computers, library books, instalment to smart classes, etc. We shall	Accepted by school. School is directed to follow clause 14 of the said order and treat development fee as capital receipt and create depreciation reserve fund. School not to charge development fee in FY 2017-18 unless it comply with

	contraventions of Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. Development fee is not disclosed separately in the financial statements.	comply with your guidelines in future.	the directions of this directorate.
7.	The school has charged Admission Fees of Rs. 5,000 per student during FY 2013-14 & 2014 -15 and Rs. 7,000 per student in FY 2015-16 at the time of admission in contravention to Clause 17 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/ 02/ 2009 which restricts the Admission Fee to Rs. 200 per student to be charged only once at the time of admission.	The school was recognized vide letter no. F.D.E. 50/3/02/Zone-23/Restoration/14/473 dated 10 th June, 2014 and admission fee of Rs. 200/students was charged on and after that date.	The compliance shall be verified at the time of review of next fee increase proposal, if any.
8.	The school has charged security deposit in excess of Rs. 500 per student as prescribed by Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. The school has charged Rs. 1,000 per student in FY 2013-14 and 2014 -15; Rs. 2,000 in FY 2015-16 and Rs. 2,100 in FY 2016-17 as Caution Money/ Security deposit. The school has not deposited the Caution Money/ Security deposit collected in separate bank account. Interest has not been paid to students at the time of refund of security deposit and the school has not treated un-refunded caution money belonging to the ex-students as income in the next financial year along with considering this as income while projecting fee structure for ensuing academic session. These are contraventions to the above mentioned Clause. The security deposit amount outstanding (payable) as at March 31, 2016 was Rs. 22,20,650.	The school has charges Rs. 500/ student as security deposit. Extra amount of Rs. 1500 and 1600 during 2013-14, 2014-15 and 2015-16 is against smart class fee. Separate bank account will be opened for security deposit.	Improper response. School should not merge two different heads of fee under one head and proper receipts and books of accounts should be prepared. Compliance shall be verified at the time of review of next fee increase proposal, if any.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	In contravention of Section 17(3) of DSEA 1973, the school has not filed returns as prescribed in Annexure -II of the Rule 180 of DSEA 1973 for the FY 2013-14 and 2014-15 and has collected increased admission fee, development charges and refundable security/ caution money without filling required returns/ fee increase proposal and prior sanction of concerned authority. Moreover, the return for the FY 2015-16 are not in accordance with the format provided vide Order number F.DE-15/ACT-1/WPC-4109/Part/13/7905-7913 dated 16-04-2016 and the school has not rectified the deficiencies pointed out by the Directorate in the proposal for fee increase. The school has not submitted receipt & payment account for FY 2014-15 and FY 2015-16 along with financial statements submitted with DoE.	The school was recognized in year 2014 so the return under Rule 180 for the year 2014-15 was filed in old format and for FY 2015-16 was filed in new format. Copies enclosed.	Considered.
2.	The school is collecting Development charges from the New Students but as per the proposal document submitted by the school with DoE, the school is not charging any development fee from the students. This may be considered as non-compliance with contravention of Section 17. (3) of Delhi School Education Act 1973.	The school collects development fee only from new students and not from the existing students. Further, new proposal documents shall be submitted in due course.	Improper response. Before charging any fee from students, it should be approved from DOE. School is directed to follow DoE guidelines in this regard.
3.	The school has been charging different fee from new students and continuing students since 2013-14 session. New Students are charged with Admission Fee (in excess of Rs.200 per student), Development Charges, Refundable Security (in excess of Rs. 500 per student) and Annual Charges (higher than amount charged from continuing students) in addition to what is being charged from the continuing students. The schools are not allowed to charge different fee	The fee structure of existing student and new student is same. Only the admission charges, security charges and development fee are charged in addition to the fees and other	Improper response. The compliance shall be verified at the time of review of next fee increase proposal, if any.

	structure form the students. This may be considered as contravention of Section 17 (3) of Delhi School Education Act 1973 which stipulated that every recognized school shall before the commencement of each academic session, file with the Director a full statement of the fees to be levied by such school during the ensuing academic session. In this case the school has charged different fee from the newly admitted students which is not as per statement of fee filed with DoE.	charges from other students.	
4.	The school has used major portion of surplus earned by the school in construction, additions, alteration of its building and purchase of fixed assets. The school has spent Rs. 190.19 Lakh and Rs. 26.19 Lakh on Fixed assets and repair & maintenance respectively during the period under review (FY 2013-14 to FY 2015-16).	The school was restarted in 2011 and building was in very bad shape as no classes were running since 2007. In order to strengthen building structure and to make it safe for students these expenses were incurred.	Improper justification. As per Modern School Case Judgement read with Rule 177 of DSEA & R, 1973 capital expenditure cannot be made part of financial fee structure and school funds can be utilised only after providing for employee pay, allowances and benefits.
5.	The school is collecting increased Annual Charges, Development Charges, Security refundable/ Caution Money and Activity charges for FY 2016-17 without requisite sanction from DOE. This is contravention of Order number F.DE-15/ACT-1/WPC-4109/Part/ 13/7914-7923 dated 16.04.2016.	The school has collected increased annual charges and activity fees only and not charged increased tuition fees from the students.	School is not allowed to charge any increase in fee as per order dated 16.04.2016. School is directed to refund/ adjust the excess amount charged.
6.	That there is no procurement process in place at the school.	We are in process to call a meeting of managing committee for proposal of procurement process for the purchase of fixed assets, etc.	Accepted by school. School is directed to implement proper internal control systems in relation to procurement of goods and services
7.	The school has not provided minutes of the selection committee for teachers & minutes of the management committee for major decisions taken by it.	We are in process to call a meeting of managing committee for formation of	Accepted by school.

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		selection committee for appointment of teachers.	
8.	Fixed Asset Register maintained by the school is not complete.	Fixed Assets Register is fully complete.	School is directed to prepare FAR in proper format so as to ensuring details of assets recorded which includes numbers, location, cost, depreciation, etc. The compliance shall be reviewed at the time of verification of next fee increase proposal, if any.
9.	That the school has not constituted selection committee as required by the Rule 96 (2) of DSEA & R 1973 for the appointment of Teachers.	We are in process to call a meeting of managing committee for formation of selection committee for appointment of teachers.	The compliance shall be reviewed at the time of verification of next fee increase proposal, if any.
10.	The Managing Committee of the school was not properly constituted at the time of considering fee increase proposal. AD nominee and DE nominee were not appointed by Department of Education at the time, when decision of fee increase was taken. AD nominee and DE nominee were appointed on 07.06.2016. It was further reported that non-compliance of Rule 181 to Rule 185 of DSEA & R 1973 by school which basically deals with management of school affairs by the Managing Committee of the school.	The DE - nominee and AD - nominee was nominated quite late by DOE.	Considered.
11.	The school has not complied with the conditions of Restoration of Recognition as per Order number F.DE.50/3/02/Zone23/Restoration/14/ 473-479 dated 10.06.2014 and conditions of Re-Affiliation for Secondary School as per letter number CBSE/AFF/2730386/2015/945091 dated 06.10.2015. It has enumerated in its report a list of few criminal cases, writ petition, police complaint filed against the	We have complied with all the conditions restoration of recognition and re-affiliation of the school.	The compliance shall be reviewed at the time of verification of next fee increase proposal, if any.

school and the office bearers before different judicial authorities.		
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And whereas, after going through the representations dated 27.04.2017 and submissions made by the school during the hearing held on 18.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus of Rs. **55,43,624** /- as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	26,29,521
Investment as on 31.03.16 as per audited Financial Statements	2,87,530
Add: Amount recovered against purchase of car	28,53,713
Available Funds	57,70,764
Less: Development Fund and Depreciation Reserve Fund#	-
Available Funds	57,70,764
Total Income for 2016-17 as per provisional Financial statement (as per school submission)	3,83,54,703
Estimated availability of funds for 2016-17	4,41,25,467
Less: Budget expenses for the session 2016-17 as submitted by school management	3,85,81,843
Net Surplus	55,43,624

#School has not maintained development fund and depreciation reserve fund in accordance with clause 14 of the order 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 have sufficient funds to meet the financial implications for the financial year 2016-17.

And whereas, it is noticed that the school has purchased Cars from school funds amounting to Rs. 28,53,713/-. The school is hereby directed to recover this amount from society. 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 one month 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 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 is not maintaining development fund and depreciation reserve fund in proper manner in accordance with clause 14 of Order No. F.DE./15 (56)/Act /2009 /778 dated 11/02/2009. The school has followed unsustainable financial practices and improper accounting procedures and using development fund for non permissible items. Hence, development fee already charged @15% has in reality been used for other purposes, and in effect already tantamount to a hike on tuition fee. School shall not be allowed to charge development fee in FY 2017-18 unless it follows the directions of this Directorate.

And whereas, these recommendations along with 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 have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 27.04.2017 and subsequent submissions made in this regard find no merit in respect of sanction for increase in fee and hereby declined on the basis of above mentioned observations.

Accordingly, it is hereby conveyed that the representations for fee hike of Mount Columbus School, has been rejected by the Director of Education.

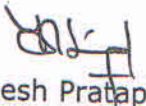
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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. In the light of Judgment of Modern School Vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.
3. 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.

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).

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-1
Private School Branch
Directorate of Education

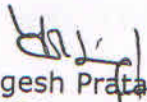
To
The Manager/HoS
Mount Columbus School,
Dakshinpuri, New Delhi-110062.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 948

Dated: 4/10/2017

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