

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/

Dated: \_\_\_/ \_\_\_/2017

ORDER

Whereas, the request of Fr. Agnel School, Gautam Nagar, New Delhi-110049 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/13/50 dated 23.12.2016 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 Fr. Agnel 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 Fr. Agnel School, Gautam Nagar on 15.05.2017 at 12.00 Noon 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 12.00 Noon 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 discrepancies	Submissions of the school	Remarks
1.	Over a period of three years the school has collected Rs.1,21,84,500 in the name of Technology Development Fee from new admissions. The school charges Rs. 10,000 to Rs. 25,000 approximately (amount is not fixed) in	The school has a duly publicized fee structure which properly and prominently displayed, and put	As per DSEA & R, 1973 and the orders issued there under, the school is not allowed to collect fee other



	<p>the name of Technology Fund from new admissions. The same is merged with activity fees for the year. It is further reported that this fee is in the nature of capitation fee. As per section 13(1) of the Right to Education Act, 2009, while admitting a child, no school or person shall collect any capitation fees.</p>	<p>to notice clearly reflecting the charge of technology development fee as a onetime charge at the time of admission. It cannot be considered as capitation fee.</p>	<p>than the tuition fee, development fee, annual charges and earmarked levies. The school is hereby directed not to charge any fee under the head 'technology fund'.</p>
2.	<p>In accordance with clause 17 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, admission fee shall not be more than Rs. 200. The school is charging Rs. 1,500 per students as admission fee.</p>	<p>The school charges Rs. 200 admission fee and Rs. 1,300 as processing fee. This Rs. 1,300 is paid to third party for processing of admission forms.</p>	<p>The school is not allowed to charge any other charge along with admission fee.</p>
3.	<p>As per clause 8 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15/12/1999 and further reiterated by clause 23 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, amount shall not be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution. The school is transferring the funds to the society from time to time and adjusting the same at the end of the year.</p>	<p>Temporary arrangement cannot be termed as transfer of funds.</p>	<p>The school is not allowed to transfer any amount to society or other schools from the school funds. Such transfers are gross violation of DSEAR, 1973. The school is directed to follow the instructions of DOE in this regard.</p>
4.	<p>As per clause 18 of order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, caution money collected from students shall be refunded to students at the time of his/ her leaving the school along with bank interest thereon irrespective of whether he/ she requests for a refund. Caution money pertaining to many students who have left the schools is being not refunded along with bank interest. The un-refunded caution money for than 30 days is being reflected as security deposit (liability) &amp; has not been treated as income. The same is also not being considered at</p>	<p>The caution money belongs to someone else cannot be treated as income. It is beyond prudent contemplation that such amount can be taken into consideration for the proposed fee structure.</p>	<p>The school should follow the instructions of DOE in this regard.</p>

		financial burden due to taxes implications.	registered in the name of school only. The value of the car should be treated as emoluments of the principal and recovered from him.
6.	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.	The school charges increased fee after getting approval from Managing Committee, where DOE and parents representatives were present.	The school is not allowed to increase fee without prior sanction of Director (Education) and must comply with the specific orders issued in this regard.
7.	As per order of Justice Anil Dev Committee dated 08.08.2016 the school was required to refund the development fee of Rs.31,50,000 for the year 2008-09. The school had not complied this order and no amount was refunded until the date of inspection.	The school has applied to DoE against the order as Anil Dev Committee has no powers to review its order and our appeal has yet not been addressed by the Department.	Non compliance of the orders of Justice Anil Dev committee is contempt of court and the school is directed to follow the same. This is an established fact that the department has no power to review over a committee constituted by HC. School is deployed diversional tactics in contravention of orders of Hon'ble High Court in this regard.
8.	The school is following Cash Basis of accounting. However, it is calculating the liability for gratuity on accrual basis in the books of accounts.	The school considers itself to be under the statutory obligation to maintain Gratuity Fund and it would be on accrual basis only.	School cannot resort to variable basis of accounting in order to suit its interest.
9.	As per clause 22 of Order No. F.DE./15	The school has not	The school should



(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. The school during FY 2013-14, FY 2014-15 and FY 2015-16 was collecting fee under various heads wherein it is able to generate considerable surplus by collecting more fee than the actual expenditure incurred there against. This implies that school is not following 'no profit no loss' as basis for determining rates of these fees. In this regard following points may be noted:

- a) The school has generated surplus of Rs.1,29,739 on account of excess C.B.S.E fee collected from the students during FY 2015-16. This surplus amount was transferred to miscellaneous receipts. This excess should either be refunded or adjusted by the school instead of treating it as income.
- b) In FY 2011-12 the school has collected Rs. 45,000 from the students in respect of Indo Italian Exchange programme which was subsequently cancelled. However, the school had not refunded the total amount to the concerned students. A sum of Rs. 20,000 was refunded and in FY 2015-16 the balance amount of Rs. 25,000 was booked as 'miscellaneous receipts'.
- c) The school has collected Rs. 53,850 as 'Art of Living' programme during FY 2013-14 and out of this only Rs. 6,870 was spent. The balance amount of Rs. 46,980 was transferred to miscellaneous receipts.
- d) The school has collected Rs.2,100, Rs.2,500 and Rs.3,000 per user student in FY 2013-14, FY 2014-15 and FY 2015-16 as 'Tennis Fee'. After meeting corresponding expenditure the school had generated surplus of Rs. 1,76,650, Rs. 2,93,100 and Rs. 2,99,600 in FY

done any wrong by collecting surplus for the various earmarked levies as the same have been properly accounted for in the books of accounts of the school.

follow the instructions of DOE in this regard. It is further noticed that the school has not shown admission fee, technology development fee and transportation charges in the fee structure submitted to DOE for approval at the time of submitting its proposal for fee hike during FY 2016-17.



<p>2013-14, FY 2014-15 and FY 2015-16 respectively.</p> <p>e) The school was collecting 'Skating Fee' and after meeting corresponding expenditure the school had generated surplus of Rs. 1,17,550, Rs. 1,76,600 and Rs. 1,49,400 in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.</p> <p>f) The school had collected Infinity coaching fee from students amounting Rs.1,62,500 during FY 2013-14. The corresponding expenditure against this fee was Rs. 80,000 which results into surplus of Rs. 82,500 to the school.</p> <p>g) The school was collecting transportation fee and has generated surplus of Rs. 39,17,985, Rs. 56,80,404 and Rs. 51,31,330 in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.</p>		
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**Other discrepancies:**

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school has not prepared fixed assets register properly. The details of opening balances of fixed assets and items purchased during the year were not mentioned in the fixed assets register. Only details of closing quantity as on 31st March, 2016 were shown without any calculation. Hence, in the absence of proper detail in the fixed assets register, the fixed assets could not be reconciled with the financial statements.	The hard copy of the register do not show the opening balances. Efforts are being to reorganize the same and will be made available, if required.	Accepted by School.
2.	The school is not having any defined policy of procurement. Further, the school has not provided any details of bid invited/received, Copy of Quotations and Comparative statements, etc. Thus in the absence of the same, it was not possible to comment on whether major contracts entered by the school were made at arm's length price or not.	All our capital goods purchases are done through a strict a accounting process at the society level and only after that is done, approval is obtained. Only the transaction bills are maintained in the school.	School should follow proper tendering process and maintain all relevant documents with it.



3.	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.	If the DOE desires that the accounts be drawn in a particular manner the same has to be established and if asked for, we would do the needful.	The school should follow the instructions of DOE in this regard.
4.	In inspection of top 200 vouchers various irregularities were observed. Bills attached with the vouchers were made on letter head of the vendors and on which invoice no., VAT registration No. and Service Tax No. were not mentioned. These high value transactions were related to construction work of new school buildings at Vaishali, Greater Noida and Khorda, Noida.	No specific response of the school.	Booking of construction expenses of other schools in the income and expenditure account is against the basic spirit and every tenet of DSEAR,1973 and Supreme Court's judgement in the Modern School case.

And whereas, after going through the representations dated 06.02.2017 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. 1,54,56,919/- as per the following details:-

<b>Particulars</b>	<b>Amount(Rs)</b>
Cash and Bank balances as on 31.03.16 as per unaudited Financial Statements	1,33,55,108
Investment as on 31.03.16 as per unaudited Financial Statements	2,50,00,000
Add: Amount charged to income and expenditure account during period under inspection on account of construction expenses of the schools( Greater Noida/Vaishali/Khora-Noida)	3,94,95,780
Total	7,78,50,888
Less: Provision for Gratuity*	2,25,00,000
Available Funds	5,53,50,888
Fees for 2015-16 as per financial statement( We have assumed that the amount received in 2015-16 will at least	15,83,94,362



accrue in 2016-17)	
Other income for 2015-16 as per financial statement	2,11,50,943
Estimated availability of funds for 2016-17	23,48,96,193
Less: Budget expenses for the session 2016-17 as submitted by school management#	17,99,43,494
<b>Net Surplus**</b>	<b>5,49,52,699</b>

\*The school is hereby directed to make earmarked equivalent investments against provision for Gratuity & Leave Encashment with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities.

\*\*As sufficient funds are available with the school, it is hereby directed that the School shall create 3 months' salary provision in accordance with the provisions of Right to Education Act, 2009 and to submit FDRs in joint name of Dy. Director (Education) and Manager of the School with DOE within 30 days of receipt of this order.

# The school has budgeted for Rs. 2.5 crores in the name of 'Scholarship and other financial assistance' during FY 2016-17. As per Rule 177 of DSEA & R, 1973, award of scholarships to students can be given from the savings of the school only after providing for various expenses as mentioned in the rule. However, the school has proposed 'Scholarship and other financial assistance' as an expenditure for FY 2016-17 which has a direct impact in determination of fees. Therefore, same has been disallowed from the 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.

Further, it is noticed that the school have charged Rs.3,94,95,780/- to Income & Expenditure on account of construction expenses of other school (Greater Noida/Vaishali/Khora-Noida) during period under inspection. The school is hereby directed to recover this amount of Rs.3,94,95,780/- from the Society in the light of the facts that such payments are made in gross violation of Rule 177 of DSEAR, 10973 which clearly specify that assistance for the set of other schools can be made from the savings. However, the school is on one hand increasing fees every year, clearly demonstrating lack of savings and simultaneously booking expenditure on construction of other schools. Thus the parents of the school are unwittingly ending up paying for the construction of these schools. The amount should be immediately recovered from the society and deposited in the School Account. The deposit receipts alongwith bank statements against the same should be submitted with Directorate of Education in compliance of the same within one month of receipt of this order. Non compliance to this shall be taken up as per the provisions of DSEAR, 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 is any surplus 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 the school is also advised to create appropriate provisions for gratuity and leave encashment based on actuarial valuation.

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 06.02.2017 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.

And whereas, an amount of Rs. 3,94,95,780/- was charged to income and expenditure account during period under inspection on account of construction expenses of other schools(Greater Noida/Vaishali/Khora-Noida). Any such amount should immediately be reversed and added back to the school funds. It is hereby directed to deposit this amount to the school fund and documentary proof is to be submitted within one month of receipt of this order.

Accordingly, it is hereby conveyed that the representations for fee hike of Fr. Agnel School, Gautam Nagar, New Delhi-110049, has been rejected by the Director of Education.

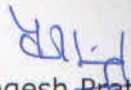
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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 23.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
3. The fee should be utilised as per true 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 orders shall be viewed seriously.

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

To

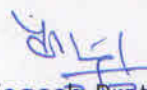
The Manager/HoS  
Fr. Agnel School,  
Gautam Nagar, New Delhi-110049

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 810

Dated: 03/07/2017

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