

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/ 867

Dated: 8/8/2017

ORDER

Whereas, the request of New Green Field School, Alaknanda (Kalkaji), Near Tara Apartment, New Delhi-110019 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/13/161-165 dated 26.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Deputy Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of New Green Field School, Alaknanda (Kalkaji) 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 the said school on 11.05.2017 at 04.00PM 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 11.05.2017 at 04.00pm 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.	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. Transport fee collect by the school during the FY 2013-14 and 2014-15 is an earmarked levy and has been	The school has submitted calculation of Transport fee collected and expenditure incurred for FY 2013-14 and 2014-15 which shows that there was deficit in transport fee.	The school is not allowed to transfer any income of school to other units. Instructions issued by the DoE in this regard are to be

	<p>collected in excess of the expenditure incurred. However, no separate fund for this charge been maintained. As per CA firms, Rs.2,13,503/- and Rs.6,23,164/- have been collected in excess of expenditure incurred on transport during FY 2013-14 and 2014-15 respectively. Further, the school has changed its policy in respect of transport fee in FY 2015-16 and has transferred the entire income (Transport fee collection) and expenses in respect of transport fee to head office/society and surplus from transportation fees of Rs.4,73,440/- for the FY 2015-16 has been credited to Income & Expenditure account of the school. As per Clause 7 of the Public Notice dated 04.05.1997, society or trust running the school are prohibited from collection of any fee or any kind of charges from the students. Accordingly, the transfer of transport fee to society may be considered as violation of the said clause.</p>	<p>Transferring the transport fee and transport expenditure to a separate unit "Transport Division" is transfer to society/head office of the school is only a gross misinterpretation of the facts. It was mentioned by the school during personal hearing that society is running 03 school and transport system is used for all the schools and income and expenditure is shared by all the three school in proportion to the number of students and that any profit/loss on transport head is transferred commensurate to all 03 schools. Thus there is in real terms no transfer of fund.</p>	<p>complied with by the school.</p>
<p>2.</p>	<p>During FY 2014-15 the school has purchased a building nearby the existing building for running nursery and prep classes for Rs.4,88,79,888/- from its accumulated funds. This is contravention of Rule 177 of the Delhi School Education Rules, 1973 alongwith 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.</p>	<p>The purchased building is the property of the school and there is no contravention of Rule 177 of DSEA & R 1973 along with Clause 2 of Public Notice dated 04.05.1997 as no funds was transferred to the society.</p>	<p>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.</p>

	As per Notes to the account forming part of the audited financial statements of FY 2015-16, it has been noticed that the Gratuity Fund for all units of the society has been maintained by the head office (society). Accordingly, the amount of Gratuity provision of school is transferred to Head Office each year where the same is invested in fixed deposit. Total gratuity liability estimated at March, 31, 2016 amounted to Rs. 1,92,98,907 and the net amount of gratuity transferred to head office till March 31, 2016 amounts to Rs. 1,58,35,565/-. This may be considered as indirect transfer of funds from school to society in contravention of Rule 176 and 177 of DSER 1973 alongwith order No. De.15/Act/Duggal.Com/203/99/23033-23980 dated 15.12.1999,	The management of the school has decided to transfer the amount of gratuity fund from the head office to the school and shall be retained by the school and invested in accordance with the said Rules and Order.	Accepted by School.
4	During FY 2013-14, school has taken services for bus hire from Balliyan Bus Services. The vendor has raised invoice with single bus number (DL-1PA 6072) operating on two different routes at same time. The present school person in charge of bus operations was not able to explain as to how a single bus can operate on two different routes, when the timing of the school for all the classes are same.	It was a unintentional mistake. The management has ensured that such clerical mistake instances in the bill of vendors if any, are identified and removed before recording in books.	Accepted by School.

Other discrepancies:

S. No.	Detail of irregularity	Submissions of the school	Remarks
1.	Review of the major contracts has revealed the following:- a) The school has not signed any major contract during the period under review. b) The school has neither made	In certain cases, common contracts for all branches of the school are signed because the prices are agreed with	Accepted by School.

	<p>any agreement with vendors nor was any work orders issued to vendors.</p> <p>c) Payments are made to the vendors on submission of monthly invoice and after deduction of TDS.</p> <p>d) There was a vendor-Mittal & Co. who's TDS (WCT) was not deducted under DVAT Act.</p>	<p>parties on consolidated basis. The signed copies were duly produced to the special auditors for checking.</p> <p>The school does not enter into contract with non -regular supplier. The school has ensured that contract/ agreement or work order is prepared and executed with the party wherever applicable.</p>	
2.	<p>Fixed Assets register has not been maintained by the school as required the order No.F.DE-15/Act-I/WPC-4109/Part/13/10348-10356 dated 20.07.2016. However, all the major fixed assets purchased during the period under review were physically verified with the help of fixed assets ledger and the copy of invoices and were found in order.</p>	<p>The fixed asset register was not updated at the time of inspection and the school is in process to update the same.</p>	Accepted by School.
3	<p>During the course of discussion with the parents, few parents have informed that donation of Rs. 5,000 was taken by the school for which no receipt was issued to them. This is contravention of Clause 8 of Public Notice dated 04.05.1997.</p>	<p>The allegation may have been made by a disgruntled parent without any basis or might have paid a petty amount of Rs. 5,000 to any of the unauthorized person.</p>	Instructions issued by the DoE in this regard are to be complied with by the school.
4	<p>The school has not complied with the provisions of clause 18 of Order No.F.DE-15/(56)/Act/2009/778 dated 11.02.2009 in respect of caution money. The non-refunded caution money is not treated as income instead it has been shown as liability as per the financial statement of school. Moreover, the school has not paid interest while refunding the caution money to the students.</p>	<p>The school shall transfer the caution money standing to the credit of students who passed out from the school in 2016 and earlier years to Miscellaneous Income in the Income & Expenditure A/c.</p>	Accepted by School.

whereas, after going through the representations dated 25.01.2017 and
 onns made by the school during the hearing held on 11.05.2017 as well as
 al statements/budget of the school available with this Directorate, it emerges

the school is having a surplus of Rs. **4,35,52,387/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	1,52,02,791
Investment as on 31.03.16 as per audited Financial Statements	2,10,16,383
Add: Amount recoverable from Society against purchase of building for Prep and Nursery Classes	4,88,79,888
Total	8,50,99,062
Less: Depreciation Reserve Fund	1,93,53,550
Less: Provision for Gratuity*	34,63,342
Less: Provision for Leave Encashment*	42,21,536
Available Funds	5,80,60,634
Fees for 2015-16 as per financial statement(We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	6,84,17,185
Other income for 2015-16 as per financial statement	37,068
Estimated availability of funds for 2016-17	12,65,14,887
Less: Budget expenses for the session 2016-17 as submitted by school management	8,29,62,500
Net Surplus	4,35,52,387

*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.

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 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 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 depreciation 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 25.01.2017 and subsequent submissions made thereafter in this regard find no merit in respect of sanction for increase in fee and hereby rejected on the basis of above mentioned observations.

Accordingly, it is hereby conveyed that the representations for fee hike of New Green Field School, Alaknanad (Kalkaji), Near Tara Apartment, New Delhi-110019, has been rejected by the Director of Education.

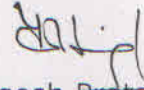
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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 irregularities/violations as mentioned in the order dated 26.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
3. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.

he 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

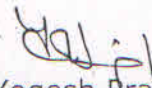
The Manager/HoS
New Green Field School,
Alaknanad (Kalkaji), Near Tara Apartment,
New Delhi-110019

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 867

Dated: 8/8/2017

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