

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/ 9 30

Dated: 13/10/2017

ORDER

Whereas, the request of Mata Gujri Public School, Gurdwara Singh Sabha (Opposite C-Block), Greater Kailash-I, New Delhi-110048 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/13/121-125 dated 26.12.2016 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 Mata Gujri Public 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 Mata Gujri Public School on 15.05.2017 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 15.05.2017 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.	The land on which school is operating is owned by Gurdwara Shri Singh Sabha and no portion of land was allotted by DDA.	The inspection is not applicable to school as the land was not allotted by DDA and was given by Gurdwara Sri Guru Singh Sabha on lease.	The school is directed to submit the land allotment papers. Further, as per provisions of DSEA & R, 1973, powers to conduct inspection of any Private Unaided Recognized school lies with the Director, Education.
3.	As per clause 14 of order No. F.DE./15 (56) /Act /2009 / 778	Separate Development fund	Accepted by School. School is directed to

S/E

	dated 11/02/2009, development fee shall be treated as capital receipt. However, it was reported by the CA firm that school is treating Development Fund as revenue receipt. It was also reported that school is not maintaining any Depreciation Reserve Fund. Moreover the school has charged development fund in excess of 15% of the Tuition fee from the students.	will be maintained out of development fee collected and will be utilised as per law.	follow clause 14 of the dated 11.02.2009 and not to charge more than 15% of tuition fees, maintain depreciation reserve fund and treat the development fee receipts as capital receipts. School is not to charge any development fee in FY 2017-18 unless it comply with the directions of this Directorate.
4.	As per public notice dated 04/05/1997, the school should not charge building fund from the students as it is sole responsibility of the society who has established the school to raise such funds from their own sources or donation from the other association. However, the school is charging the same.	The school has stopped charging building fund from students.	Accepted by School. School is directed to refund/ adjust the building fee charged from the students and compliance is to be submitted within 60 days from the date of issuance of this order.
5.	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. However, caution money pertaining to many students who have left the schools has not been refunded along with bank interest. The un-refunded caution money which has been expired by 30 days is being reflected as security deposit (liability) & has not been treated as income. The same is also not being considered at the time of projecting fee structure for ensuing academic year. Relevant details in respect of un-refunded caution money has not been submitted with respective Dy. Director along with their financials and the ex-students have not been informed in writing to collect the aid amount	Refund of caution money will be done as per rules of DSEA & R, 1973 from FY 2016-17.	Accepted by School. School is directed to follow DoE instructions in this regard.

	the increase by 15% only. The excess amount so charged was not adjusted or refunded in respect of all the students.	subsequent months.	
10.	As per clause 8 of order No. DE.15/Act/Duggal.com/203/99/23 033-23980 dated 15/12/1999 and further reiterated by clause 23 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, no amount shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution. However, it was reported that the school has granted loan to Mata Gujri Educational Society amounting Rs. 33,02,931, Mata Gujri Transport Society amounting Rs. 97,81,558, Mata Gujri Kinder Kin amounting Rs, 1,62,185 and Mata Gujri Kinder Kin transport Rs. 7,73,061. This amounts to diversion of funds from the school. Further, the royalty of School Canteen amounting to Rs. 1.25 lacs goes to Mata Gujri Medical Centre and Rs. 3.50 Lac from Uniform Shop and Rs. 4 lacs from book shop located in the school goes to Mata Gujri Medical Centre and Gurudwara Singh Sabha in the shape of donation. The may also be considered as diversion of funds as well as income of the school.	All are inter related units for profitability and have been part of Mata Gujri Public School only. In current session we have merged all the units. The school has stopped the operations of book and uniform shops in the school premises.	Accepted by School. School is directed to recover these amounts from these units/ societies within 60 days from the date of issue of this order.
11.	School has treated work in progress as repair and maintenance expenses of Rs. 11,50,654 during the FY 2013-14. This would have reduced the reported surplus of that particular year.	No new building was constructed. The existing building was repaired and maintained.	School is directed to follow ICAI pronouncements/ guidelines in this regard so as to classify its expenditures in proper manner. Compliance shall be verified at the time of next fee increase proposal of the school.
12.	A car has been purchased by the school for the use of Principal and in addition the Principal is also being reimbursed Rs. 8,000 per month without any deduction of	This is merely reimbursement of driver salary and hence, no TDS was deducted.	Considered.

	<p>TDS. On Verification of top 200 payment, the following Observation are made: There are many payments where the invoice of the supplier are not proper and have no details in respect of TIN Number or Service Tax number of the supplier. There was an expenses of Rs. 9,13,502 for sports ground but there was no invoice of the supplier attached with the voucher.</p>	<p>The copy of invoice is attached with voucher.</p>	<p>No supporting documents submitted by the school. School should follow proper internal control systems in relation to maintenance of documents and records.</p>
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Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	<p>The school has collected excess fee from the students during the period under inspection. Rs. 76,987, Rs. 2,77,806 and Rs. 1,54,373 have been collected during FY 2013-14, FY 2014-15 and FY 2015-16 respectively.</p>	<p>The amount will be appropriated during next year.</p>	<p>Accepted by School. School is directed to refund/ adjust the excess fee collected to the concerned students. Compliance shall be verified at the time of next fee increase proposal of the school.</p>
2.	<p>The school is charging annual fees on monthly basis but has inadvertently proposed annual fee on yearly basis at the time of online submission of fee increase proposal with DoE.</p>	<p>Considering the convenience of the parents it is charged on monthly basis.</p>	<p>School should follow DoE instructions in this regard.</p>
3.	<p>It has not maintained and submitted the returns and documents and also the school has also not prepared receipt & payment account as stipulated in Order no. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016. The school has not submitted statement of fees latest by 31st March every year before the ensuing session as required by Section 17(3) of the DSEA, 1973.</p>	<p>Receipts and Payment Account will be maintained from current session.</p>	<p>Accepted by School. School should follow DoE instructions in this regard.</p>
4.	<p>The school does not maintain a separate bank account for the caution money deposited. However, the same is shown as caution money payable in the Balance Sheet of the school. The school collects Rs 500 as caution</p>	<p>The school will continue the procedure initiated this year for the disbursement</p>	<p>Accepted by School. School should follow DoE instructions in this regard.</p>

	money and reflects the un refunded caution money as income. Caution money is being refunded to students upon request. However, a process has been initiated w.e.f. 2016-17, that every child receives the amount vide cheque at the time of application of the transfer certificate or at the time of passing out Class XII, as the case may be.	of caution money.	
5.	Earlier development charges received was the part of the school working capital but w.e.f. 1st April 2016, a separate bank account has been opened and the amount of development charges received in the year 2016-17 have been deposited in the separate account. Hence, the school has not complied with clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which requires the collection under development fund and income generated from the investment made out of this fund to be maintained in a separate development fund account.	The school will maintain separate ledger account of development charges and will treat it as Capital receipts.	Accepted by School. School is directed to follow clause 14 of the order dated 11.02.2009 and to maintain proper development fund account in accordance with said clause.
6.	The school is not having any defined policy of procurement. Further, the school do not maintain any list of bid invited/received, copy of quotations and comparative statements, etc. Further, the school does not have any contract for medical services provided to the students by Mata Gujri Society (Related party) while monthly payments were made against that.	A defined policy is being prepared by the school management. MOU is signed with Mata Gujri Medical Centre for providing medical services to staff and students.	Accepted by School. School is directed to follow proper internal control systems in relation to procurement of goods and services and to ensure that all transactions with related party are at arms' length prices. Compliance shall be verified at the time of next fee increase proposal of the school.
7.	The fixed assets register was not updated.	It is being timely updated.	School is directed to prepare fixed assets register so as to cover details of the fixed assets procured which includes name, location, units, amount, etc.
8.	The school has not maintained complaint book.	The school has	Compliance shall be verified at the time of next fee

		maintained the complaint book and that is regularly examined by competent authority,	increase proposal of the school.
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And whereas, after going through the representations dated 13.02.2017 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 of Rs. **6,365,833** /- as per the following details:-

Particulars	Amount (Rs.)
Cash and Bank balances as on 31.03.16 as per Financial Statements	629,801
Investment as on 31.03.16 as per Financial Statements	3,499,999
Add: Amount recoverable from Society and other related entities	14,019,735
Total	18,149,535
Less: Provision for Gratuity*	4,000,000
Available Funds	14,149,535
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)	55,579,474
Other income for 2015-16 as per financial statement	1,277,324
Estimated availability of funds for 2016-17	71,006,333
Less: Budget expenses for the session 2016-17 as submitted by school management	64,640,500
Net Surplus	6,365,833

*The school has provided for Gratuity as at 31.03.2016 amounting to Rs. 1,05,67,563/- in its financial statements and has not earmarked/ blocked its investments against that. However, the same are considered in the above calculations to the extent of available funds in the form of FDRs, cash and bank balances as at 31.03.2016 i.e., up-to Rs 40,00,000/- and the school is hereby directed to make earmarked equivalent investments against provision for Gratuity with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And the provisions for gratuity and leave encashment should be based on actuarial valuation.

And whereas, in view of the above examination, it is evident that the school is having sufficient liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, it is noticed that the school has transferred funds to the society and other related entities and Rs. 1,40,19,735/- are still outstanding from the society. The school is hereby directed to recover this amount. The deposits receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to maintain separate fund in respect of each earmarked levies charged from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under. If there are large surpluses under any earmarked levy collected from the students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, as per clause No. 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11.02.2009, 'Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserved fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.' Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school is having sufficient funds to meet the financial implications for the financial year 2016-17 and the representation dated 13.02.2017 and subsequent submissions made 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 Mata Gujri Public School, Gurdwara Singh Sabha (Opposite C-Block), Greater Kailash-I, New Delhi-110048, has been rejected by the Director of Education for the session 2016-17.

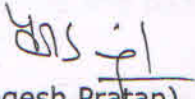
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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 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.
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-1
Private School Branch
Directorate of Education

To

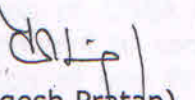
The Manager/HoS
Mata Gujri Public School,
Gurdwara Singh Sabha (Opposite C-Block),
Greater Kailash-I, New Delhi-110048.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 970

Dated: 13/10/2017

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