

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/ 886

Dated: 4 / 9 / 2017

ORDER

Whereas, the request of Bhai Joga Singh Public School, D-4, Faiz Road, New Delhi-110065 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/13/69 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 Bhai Joga Singh Public School against the fee hike rejection 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 Bhai Joga Singh Public School on 19.05.2017 at 10.00AM 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 19.05.2017 at 10.00AM 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.	Fraud was detected for Rs.4,65,000 which was charged as expenditure during 2015-16.	It was not a case of fraud done by the school but was done by a fraudulent person by forging the cheque and school accounts.	The school should provide for the recovery against this instead of writing off this amount.
2.	As per Clause 22 of order no.	That the inspecting CA	The school has

	<p>F.DE./15(56)/Act/2009/778 dated 11.02.2009, Earmarked levies shall be calculated and collected on "no profit, no loss" basis. As per the inspecting team -</p> <p>(a) Activity fees collected by the school was not properly utilised. Activity fees collected in the F.Y. 2015-16 was Rs.18,34,820 but the expenditure on activities was only Rs.3,56,028.</p> <p>(b) The amount collected for Picnic from students was not fully utilized for Picnic expenses and the surplus amount was treated as income.</p> <p>(c) Similarly, fees collected on account of computer fees, digital class fees, activity fees, etc., are not entirely utilised for specific purpose. The surplus is treated as income.</p> <p>Further, the school has not spent the earmarked levies specifically for which these have been charged.</p>	<p>firm erroneously found that the funds collected under specific heads are not being utilized for specific purposes, which is factually incorrect. Whereas the activity fees levied is being fully utilized.</p>	<p>not submitted a document of calculation to substantiate its claim. As per clause 22 of the said order, school is not allowed to earn substantial surplus and the same should be utilised for the purpose for which it was collected. The compliance against this shall be reviewed at the time of next fee increase proposal, if any.</p>
<p>3.</p>	<p>As per clause 14 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009, 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 reserve fund. Further, development fee can be used for supplementing resources for purchase, upgradation and replacement of furniture, fixtures and equipment. It was reported that:</p> <p>(a) the school does not maintain a depreciation reserve fund as it does not charge depreciation on fixed assets and,</p> <p>(b) Development fees of Rs.2000 per student has been collected but has been used for purposes</p>	<p>The development fee charged is fully utilized as per Clause 14 of the said order. Copy of Fixed Assets purchased through development fee is enclosed. The said entries has no impact or effect whatsoever on the availability of funds with the school.</p>	<p>The submission of the school is not justified as the school is spending the development fee on construction of school building which is contravention of Clause 14 of said order and other relevant provisions of DSEAR, 1973. School shall not be allowed to charge development fee in future, if it</p>

	other than for supplementing resources for purchase, up-gradation and replacement of furniture, fixtures and equipment.		does not maintain Depreciation Reserve Fund in accordance with said order.
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Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Pending approval from DOE, the school had already started collecting increased fess in 2016-17.	There is no need for school to wait for the approval of DoE for collecting increased fee. It is to submit that the session concerned starts from April 2016, the aforesaid decision/directions has been issued only on 23.12.2016 i.e. at much belated stage when the session concerned is reaching its fag end.	Improper Justification by the school as the relevant orders for not to charge the increased fees was issued in the month of February, 2016. The school is directed to refund the increased fees to the concerned students.
2.	Balance sheet, income and expenditure account, receipt and payment account was not made according to the format as prescribed vide Order No - F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016. The auditors were also not provided with some basic documents like trial balance and purchase related documents.	The said order was issued on 16.04.2016 which would be applicable prospectively and not retrospectively. Now the school, for the present year, has started to maintain its account in format as prescribed by DoE. The inspection team were made available entire records as demanded and also complete audit reports.	The school is directed to provide all the requisite documents at the time of scrutiny of next fee increase proposal, if any.
3.	The school has incurred expenses for repairs & maintenance amounting to Rs.7.61 lacs and has also incurred Rs.73.68 lacs for additions to building. However, the school neither entered into any contracts/agreements with	The school was in need of urgent repairs to ensure safety of its students. The entire expenses were made with the approval of management committee of the school. The school	School has not submitted any document to substantiate its claim. The compliance against this shall be verified during the next fee

	the parties for doing the job, nor was there any approval for the same in the management committee. In majority of cases, the bills were made without charging VAT or service tax and in some cases, there were no bills at all.	did also invite quotations for the work and allotted the work to the lowest bidder.	increase proposal, if any.
4.	As per the A schedule attached by the inspecting team, with its report, an addition of Rs.71.51 lakhs only has been made to building a/c. Further, such amount is invested from the development fund as evident from the schedules of financial statement. This is in contravention to the clause 14 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009.	The accounts of the school are being maintained by a professional Chartered accountant and considering the work as part and parcel of the continued development, the development fund was spent on building.	The submission of the school is not justified as the school is spending the development fee on construction of school building which is contravention of Clause 14 of said order and other relevant provisions of DSEAR, 1973.
5.	The students of class IX and X are being charged RS. 350 during 2015-16 as Science fees. The Science Room Lab is in existence, however lab's equipment are in shambles and the school has written off science chemicals and equipment in its books of accounts. Therefore, expense has not been incurred against the earmarked fees charged by the school.	The entire science laboratory is being renovated and the school is planning to purchase latest equipments for the laboratory. There is no allegation that the funds are being diverted. The funds collected/ available as science fee would be used for the purpose they are collected for only.	Earmarked levies should be charged on 'no profit or no loss basis' in accordance with order dated 11.02.2009. The compliance against this shall be verified during the next fee increase proposal, if any.
6.	The school does not charge any annual depreciation on its assets, however it has only written off science lab equipment's during 2015-16. Also, fixed asset register was not provided by the school.	The accounts are being maintained by a professional chartered accountant and it is his duty to do the needful.	The school cannot avoid its responsibility of compliance. The school should ensure proper maintenance of books of accounts in compliance with all legal provisions.
7.	As per Clause 3 of Public notice dated 04.05.1997, Caution money/Security Deposit, if collected from the student should be returned to	No school in Delhi, even Government Schools, Colleges, do not return the caution money with interest, there being no	School has ensured to comply with the same in future.

the students at the time of leaving the school, along with the interest at the bank rate. The school has refunded only security deposit to the student. Interest thereon has not been refunded. Further, caution money of Rs.1000 per student is being charged for 2016-17 which is in contravention to Clause 18 of Order No. F.DE./15 (56) /Act/2009 / 778 dated 11/02/2009.	adequate infrastructure available to maintain time to time calculation of interest. The school shall refund the caution money along with interest in future.	
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And whereas, after going through the representations dated 30.01.2017 and submissions made by the school during the hearing held on 19.05.2017 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. **51,61,229/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	7,41,157
Investment as on 31.03.16	62,69,958
Less: Development Fund and Depreciation Reserve Fund*	0
Available Funds	70,11,115
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)	1,86,94,665
Other income for 2015-16 as per financial statement	11,88,115
Estimated availability of funds for 2016-17	2,68,93,895
Less: Budget expenses for the session 2016-17 as submitted by school management (revenue)#	1,97,77,124
Less: Budget expenses for the session 2016-17 as submitted by school management (capital)	19,55,542
Net Surplus	51,61,229**

*In the Financial Statements of the school for the FY 2015-16 the Development and Depreciation Reserve Fund are Nil.

#The school has submitted its total expenses for FY 2016-17. The increase in establishment expenses for the year is around 34%. It found to be unreasonable increase and accordingly, the same is not considered in above calculations and only 10% increase in establishment expenditures is considered.

**School has not maintained any provision for retirement benefits in previous years. However, in order to safeguard the interests of the school employees, 50%

of the net surplus is to be invested with LIC (or any other agency) within 90 days of the receipt of this order.

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, it is evident that the school has not utilized development fee and also, has not maintained 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 not maintaining depreciation reserve fund 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 future, if it does not maintain Depreciation Reserve Fund.

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 30.01.2017 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.

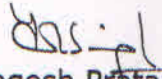
Accordingly, it is hereby conveyed that the representations for fee hike of Bhai Joga Singh Public School, D-4, Faiz Road, New Delhi-110065, has been rejected by the Director of Education.

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. 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

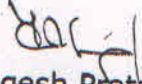
The Manager/HoS
Bhai Joga Singh Public School,
D-4, Faiz Road, New Delhi-110065

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 886

Dated: 4/9/2017

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