

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/ 947

Dated: 4/10/2017

ORDER

Whereas, the request of Siddharth International Public School, Opp. Pocket-B Park, Gurudwara Road, Dilshad Garden, Delhi-95 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/ 625-629 dated 06.03.2017 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 Siddharth International 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 Siddharth International Public School on 19.05.2017 at 11.00AM 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 11.00AM 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.	<p>Actual fee received from students has remained much below the fee receivable by the school for all the 3 years under review. It has been explained that the school is situated in financially poor area and parents find it difficult to pay the fee. Hence, unrealised fee is relatively high for this school. The details is as follows:</p> <table><tr><th>Year</th><th>Fees To be received</th><th>Fees Received</th><th>Difference</th></tr><tr><td>2013-14</td><td>1,49,85,815</td><td>1,44,35,831</td><td>5,49,984</td></tr><tr><td>2014-15</td><td>1,88,10,612</td><td>1,85,55,113</td><td>2,55,499</td></tr><tr><td>2015-16</td><td>1,92,78,947</td><td>1,88,37,411</td><td>4,41,536</td></tr><tr><td colspan="3">Total</td><td>12,47,019</td></tr></table>	Year	Fees To be received	Fees Received	Difference	2013-14	1,49,85,815	1,44,35,831	5,49,984	2014-15	1,88,10,612	1,85,55,113	2,55,499	2015-16	1,92,78,947	1,88,37,411	4,41,536	Total			12,47,019	<p>The inference drawn is not correct. It continued to effect adversely on the income received by the school as in comparison to the fee structure approved and increased appropriately.</p>	<p>The school should take appropriate steps to recover the unrealised fee.</p>
Year	Fees To be received	Fees Received	Difference																				
2013-14	1,49,85,815	1,44,35,831	5,49,984																				
2014-15	1,88,10,612	1,85,55,113	2,55,499																				
2015-16	1,92,78,947	1,88,37,411	4,41,536																				
Total			12,47,019																				

2. Difference has been noted between the Fee Register and amount of Fees received recorded in Tally. This indicates lack of internal control. Details of difference is as follows:

Year	Fees Received	Fees as per Tally	Difference
2013-14	1,44,35,831	1,44,50,394	(14,563)
2014-15	1,85,55,113	1,84,62,588	92,525
2015-16	1,88,37,411	1,88,62,720	(25,309)
Total			52,653

Clerical error in some cases is found in the figures and whereas there was no mistake in the total figure of the fees register and shown in the balance sheet. The clerical mistake is recorded and so happened without any malice intention.

The school is directed to record its receipts in proper manner so as to present its income in the financial statements correctly.

3. As per clause 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, upgradation and replacement of furniture fixtures and equipment's. 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, 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. It is observed that,

- Development fees received by school was more than 15% of the Tuition Fee receivable. The year wise data is given below. It may be noted that Development Fees rates are not in excess of 15% of Tuition Fees.

FY	Total Existing Tuition fees	15% of Tuition fees	Development fees actually charged	Excess charged
2013-14	1,49,85,815	22,47,872	30,75,215	8,27,343
2014-15	1,88,10,612	28,21,592	38,26,585	10,04,993
2015-16	1,92,78,947	28,91,842	37,27,830	8,35,988

- The school did not maintain Development Fund Account separately to keep the funds collected under this head and interest earned under the account was not accounted for under this head.
- Depreciation Reserve Fund was not created by the school
- An amount of Rs.29 Lakhs approx was paid to

The school included the fee charges during 2013-14, 2014-15 and 2015-16 and notified with the department, whereas the school has practically collected the fee less than, mentioned to the department. As far as development fund is concerned the same was levied and collected under the fee structure from the department. Hence, difference amount occurred. As far as maintenance of Development fund and Depreciation reserve fund is concerned, the same is created separately. The payment made to HK Chawla was through bearer cheque for the building of temporary structure.

School is directed to maintain and utilise development fund and depreciation reserve fund in accordance with clause 14 of the order dated 11.02.2009. School is not utilised development fee for the purpose of construction of temporary structure and building. School is not to charge any development fee unless it comply with the directions of this Directorate in this regard.

	Sh. H K Chawla through Cash/Bearer cheques. The payment was made for building Temporary Structure and Shed with Wooden Work and Electric Fitting and adjusted against Development Fund.		
4.	As per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, Earmarked levies will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. The school was not maintaining separate accounts for earmarked funds. The expenses incurred for each activity were not being met out of the specific earmarked funds but from the common pool.	All the earmarked levies received by the school is deposited with the school fund and spend appropriately on the same items.	As per clause 22 of the order dated 11.02.2009, earmarked levies should be utilised for the purpose for which these were collected and separate fund accounts should be maintained. School is directed to maintain proper books of accounts in respect of earmarked levies collected.
5.	<p>1. The school entered into a Transportation agreement with a company under the same management. The school management committee members are the directors in the transport company named SRC Amvée to whom major payments for transportation charges have been made.</p> <p>i. The terms of contract with the transport company were vague and do not state clearly on what basis the transport company would raise the bills. Due to ambiguous terms and conditions of the agreement, it cannot be said if bills raised by the transporter are correct and payable in full.</p> <p>ii. The number of students who opted for school transport decreased from 91 during FY 2013-14 to 80 during FY 2014-15 and marginally increased to 86 during FY 2015-16. The quantum of increase in the charges paid to SRC Amvee has being astronomically high. The details are given below:</p>	The proper contract has been entered between the transport company and the school. The amount paid in cash. There is no question of any violation because every amount has been documented.	Improper response. The school has not provided any document to substantiate its claim and to substantiate whether the transaction made are at arms' length price or not. School is incurring substantial expenditure against transport facility provided which is in excess of the actual fee

Year	Students taking Transport	Amount Paid to SRC Amvee	% Increase in Amount transferred (taking 2013-14 as base)	Charges Collected from students	% Increase in Amount Collected (taking 2013-14 as base)
2013-14	91	11,59,000		11,00,000	
2014-15	80	27,27,620	235%	12,00,000	109%
2015-16	86	36,14,000	312%	13,10,000	119%

collected from the students. It seems either the school has not recorded the total transport fee in the financial statements or is paying to the related party more than its arms' length price. Even if the said transactions are bona fide, it implies that burden of transportation are actually charged from the tuition fee of other students.

6. As per Clause 4 of Order No. DE/15 /150 /ACT /2010 /4854-69 dated 09.09.2010, after expiry of 30 days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year and it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for the ensuing Academic year. Caution money that had become due to be paid to students and not claimed for more than 12 months was not being shown as income as per financial statements. No refund of caution money has been made in the last three years. The amount to be transferred to income head is Rs.1,42,500. Such amount has been treated as income for evaluation. The details are as under:

FY 2014-15 Rs.79,500
FY 2015-16 Rs.63,000

Caution money is maintained in the school fund and the same is refunded to the students.

As per clause 18 of the order dated 11.02.2009, school is to maintain separate bank for caution money collected from the students and it should be refunded to the concerned students at the time of leaving the school. Compliance shall be verified at the time of fee increase proposal of the school, if any.

7. There has been movement of funds between All India Sidhartha International Education Society and

Society has taken loan from the school to pay

Improper response. The

Ravi Bharti Shiksha Samiti although they were settled within the respective financial years. The Society and Samiti are under the same management. Details of such transfers have been given below :

S. no.	Name of the society/ Samiti	FY	Amount of advance	Remarks
1	AISI	2014-15	Rs. 5.50 lacs in Jan.15	Advance granted in Jan 15 adjusted in Feb. 15
			Rs. 3.99 lacs in Jan 15	
2	AISI	2015-16	Rs. 11.90 lacs in Dec. 15	Both the advances granted were adjusted in Feb. 16.
			Rs. 3.10 lacs in Jan. 16	

its liabilities and subsequently returned the amount to the school. These are vice versa transactions/ with the school without any malice intentions.

school is not authorised to provide any loan to the society or any other entity from its school fund. The school is losing interest on the amount given to the school. It needs to be explained by school if so much amount is available with the school to provide loan to society then why it require any fee increase.

8. The following discrepancies have also been noted:

- An amount of Rs.5.29 lacs was paid/ payable to Priyanka Communications for which the original bills raised by this party were not made available for verification. The payments were stated to have been made for advertisements in newspapers. Evidence in support thereof such as newspaper clipping etc. could not be made available for verification.
- Expenses aggregating to Rs. 7.70 lacs (FY 2013-14 Rs. 1.72 lacs, FY 2014-15 Rs. 0.20 lacs and Rs. 5.78 lacs FY 2015-16) were not supported by proper bill/supports and authenticity of such payments could not be verified, hence the same have been adjusted for evaluation calculation.

Every document has been provided to the inspecting team to justify the receipt of material and expenses.

The expenses were not aggravated due to not any uncertain reasons but in ensuing year there is marginal increase on account of various expenses and all the supporting bills were provided to the inspecting team for the authenticity.

The proper contract has been entered between the transport company and the school. The amount is paid in cash. There is no question of any violation because every amount has been documented.

No documents were submitted by the school to substantiate its claim. The compliance shall be verified at the time of fee increase proposal of the school, if any.

School is directed to disclose all related party transactions in accordance with ICAI

- Related party transactions were not being disclosed in the financial statements. The school had contract for transportation of students with a company under the same management. This fact was not brought out in financial statements.

- As per agreement executed between Ricoh India Ltd. and the school, an amount of Rs.1,15,500 per quarter is payable to Ricoh from the date of installation of equipment. No liability has been created in the books for the amount payable to Ricoh. As per agreement, an amount of Rs.1,92,500 was due to be paid to Ricoh with corresponding debit to Computer Expenses during the FY 2015-16. According to GAAP, the school should be following accrual basis of accounting and provide for such amount.
- The school had entered into a contract with Delhi Manpower Service for supply of Housekeeping Service and security guards. As per terms of agreement dated 01.04.2013 executed between the DMPS and the school, the amount payable per month was Rs.85000 (Rs Eighty five thousand only) for 1 security guard at each gate (2 gates) and 7 housekeeping employees per month. The contract was valid till 01.05.2018. The amounts paid every month varied on a month to month basis. There was no change in the agreement and the school made excess payments to the contractor. The payments were made to the contractor much in excess of the amount due to be paid as per the

The payment was in connection to be paid for smart classes to RICHO India which was subsequently adjusted.

The payment was given to the manpower supply company as per the agreement for deployment of the person for housekeeping and security staff. The number of persons continued to increase in the need of the hour and thus the payment was accordingly made. There is no question as such of excess payments made.

pronouncements. Further, school is directed to implement proper internal control system in relation to procurement of goods and services ensuring that transactions with related parties are entered at arms' length prices.

School is directed to follow proper accounting procedure in relation to booking its expenses and liabilities.

Improper response. School has not submitted any document to substantiate its claim. School is to make payments in accordance with the contract entered with the vendors.

terms of the contract. The payments made in excess were Rs.2,25,300 during FY 2013-14, Rs.6,76,300 during FY 2014-15 and Rs.9,59,200 during FY 2015-16.		
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Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Para 18 of the Letter of Allotment no. F.18(13)87/IL/4132 dated 06/01/2003 states that 25% of the students belonging to weaker sections shall be granted freeship. The students who were provided freeship, however, fell short of the target of 25% and 10.47%, 11.52% and 12.96% of the total students enrolled during FY 2013-14, FY 2014-15 and FY 2015-16 respectively.	The school is not concerned with the admission of EWS/DG which is taken care by the department. The parents interested to admit their ward under the EWS/DG category were admitted and not denied the admission. The school is not interfering in the departments' admission process.	School is directed to comply with DoE instructions in this regard. The compliance shall be verified at the time of fee increase proposal of the school, if any.
2.	The school fee collected in cash from the students was not being deposited in a bank account immediately. The cash maintained at the school even exceeded Rs.50 lacs for months together. The school continued utilising the fee collected in cash for expenses and deposit in the bank account was done at periodic intervals. There is a risk involved in maintaining such high amount in the school.	The school is thus to arrange its day to day expenses from the cash collected in the form of fee charged and then balance is deposited in the bank.	The school is directed to implement proper internal control system in relation to cash management and to ensure that cash is deposited to the bank on time.
3.	There were a few instances of delays noted in depositing Provident Funds dues of the employees.	Delay in depositing PF is sometimes due to lack of funds because permission of fee hike was not granted and also due to demonetisation.	Improper response. The school is directed to ensure timely deposits of statutory dues.
4.	Depreciation was not being provided as per the rates provided in the Guidance Note issued by ICAI for accounting for schools.	The deprecation fund shall be created and	School has ensured to comply the

Depreciation rates applied are same as IT Act and needs correction.	maintained advised.	same future.	in
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And whereas, after going through the representations dated 06.04.2017 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:-

- i. SRC Amvee Tour & Travels (P) Ltd is a related party to the school, which is owned by the Vice Principal of the school. It provides bus services to the school, but no specific consideration were agreed upon in the contract entered into with the school. All payments were made to the vendor in cash only. School is incurring substantial expenditure against transport facility provided which is in excess of the actual fee collected from the students. It seems either the school has not recorded the total transport fee in the financial statements or is paying to the related party more than its arms' length price. Even if the said transactions are bona fide, it implies that burden of transportation are actually charged from the tuition fee of other students, which is not allowable under the provisions of order 11.02.2009 and DSEA & R, 1973;
- ii. There has been movement of funds between All India Sidhartha International Education Society and Ravi Bharti Shiksha Samiti although they were settled within the respective financial years. The Society and Samiti are under the same management. These transactions are not allowable. It needs to be explained by school if funds are available with the school to provide loan to society then why it requires any increase in fee.
- iii. The school has not maintained Development Fund Account and Depreciation Reserve Fund in accordance with clause 14 of the order dated 11.02.2009;
- iv. An amount of Rs.29 Lakhs approx was paid to Sh. H K Chawla through Cash/Bearer cheques. The payment was made for building Temporary Structure and Shed with Wooden Work and Electric Fitting and adjusted against Development Fund; and
- v. Expenses aggregating to Rs. 7.70 lacs (FY 2013-14), Rs. 1.72 lacs, (FY 2014-15), Rs. 0.20 lacs and Rs. 5.78 lacs (FY 2015-16) were not supported by proper bill/supports and authenticity of such payments could not be verified.

And whereas, in view of the above examination, it is evident that the school is not following due propriety while processing its financial transactions and maintaining books of accounts and therefore, it is not possible to determine its correct position of funds.

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 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 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 is not following due propriety while processing its financial transactions and maintaining books of accounts and therefore, it is not possible to determine its correct position of funds for the financial year 2016-17 and the representation dated 06.03.2017 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 Siddharth International Public School, Opp. Pocket-B Park, Gurudwara Road, Dilshad Garden, Delhi-95, 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:

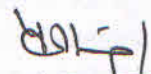
1. Not to increase fee for the session 2016-17. If, in case, increased fee has already been charged from the parents, the same shall be refunded/ adjusted.
2. To comply with all the directions/ instructions as mentioned in this order.
3. In the light of Judgment of Modern School vs Union of India, the 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

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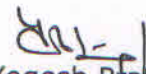
The Manager/HoS
Siddharth International Public School,
Opp. Pocket-B Park, Gurudwara Road,
Dilshad Garden, Delhi-95

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

Dated: ___/___/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