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**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI**  
**DIRECTORATE OF EDUCATION**  
**(PRIVATE SCHOOL BRANCH)**  
**OLD SECRETARIAT, DELHI-110054**



No. F. DE.15 (PS93)/PSB/2018/30048-53

Dated: 30/11/18

Order

WHEREAS, this Directorate vide its Order No. DE.15 (318)/PSB/2016/19786 dated 17.10.2017 issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private Unaided Recognized Schools in Delhi' and directed that the Private Unaided Recognised Schools, which are running on land allotted by DDA/Other Govt. Agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, needs to submit their online fee increase proposals for the academic session 2017-18. Accordingly, vide circular no. 19849-19857 dated 23.10.2017, the fee increase proposals were invited from all aforesaid Schools till 30.11.2017 and this date was further extended to 14.12.2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20.11.2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14.11.2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus GNCTD and others wherein it has been directed by the Hon'ble Delhi High Court that the Director of Education will ensure the compliance of conditions, if any, in the letter of allotment regarding prior approval of Director of Education for the increase of fee by all the Unaided Recognized Schools which are allotted land by DDA.

AND WHEREAS, the Hon'ble High Court of Delhi while issuing the aforesaid direction has observed that the issue regarding the liability of private Unaided Recognised Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School V. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"27....

(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the Schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the Schools.....

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."



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AND WHEREAS, the Hon'ble Supreme Court in the above said Judgment also held that under section 17(3),18(4) of Delhi School Education Act, 1973 read with rule 172,173,175 and 177 of Delhi School Education Rules 1973, Directorate of Education has the authority to regulate the fee and other charges to prevent commercialization of education.

AND WHEREAS, in pursuance to order dated 23.10.2017 of this Directorate, **St. Columbo Public School, M.P. Enclave Pitam Pura Delhi-110052 (School Id: 1411202)** had submitted the proposal for increase in fee for the academic session 2017-18 including the impact on account of implementation of recommendations of 7<sup>th</sup> CPC with effect from 01.01.2016.

AND WHEREAS, in order to ensure that the proposals submitted by the Schools for fee increase are justified or not, a very rigorous and systematic process of evaluation has been followed by this Directorate by appointing team of Chartered Accountants at Directorate level who have evaluated the fee proposals of the School very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS in this process of evaluation, necessary records and explanations were also called from the School vide email dated March 24, 2018. Further, School was also provided an opportunity of being heard on June 08, 2018 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussions, School was further asked to submit necessary documents and clarification on various issues noted.

AND WHEREAS, the reply of the School, documents uploaded on the web portal for fee increase and subsequent documents submitted by the School were evaluated thoroughly by the team of Chartered Accountants. The key findings noted are as under:

### **Financial Irregularities**

- I. 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 fees may be charged for supplementing the resources for purchase, upgradation 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 depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts and the collections under this head along with income generated from the investment made from this fund, will be kept in separately maintained development fund account. However, following observation has been note.
  - a) During FY 2014-15 & 2015-16 the School was treating development fee as revenue receipts.
  - b) School has collected the development fee in the FY 2016-17 as per its fee receipts however the nomenclature of the same was changed to "Act/Dev/Health-Hyg Fee" in the books of accounts (it is the

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consolidation fee of activity and development fee as compare to its previous year fee receipts) but at the time of discussion held on June 08, 2018, School has given the reply that School has not collected any development fee in the FY 2016-17.

The School shall ensure that development fee if charged need to be in accordance with the clause 14 of the Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 and the School shall refrain from malpractices relating to collection of one fee under other head.

- II. As per clause 2 of public notice dated May 4th, 1997, School shall not charge building fund and development charges when the building is complete or otherwise as it is the responsibility of society who has established the School to raise such funds from their own resources or donations from other associations because immovable property of the School becomes the sole property of the society. Further, as per section 4 of the Delhi School Education Act, 1973, the following are the pre-requisite for recognition of the School.

"(c) the School has suitable or adequate accommodation and sanitary facilities having regard, among other factors, to the number, age and sex of the pupils attending it;

(f) the School has the prescribed facilities for physical education, library service, laboratory work, workshop practice or co-curricular activities."

Which means the basic infrastructure like building etc. is required to be in place at the time of recognition or before the grant of recognition to the School.

However, on review of the financial statement and as per the clarification given by the School during discussion on 08 June 2018 it has been observed that Rs. 4,28,000 was reflecting in the FY 2014-15 under the head "Pital Contribution Education Society Rani Bagh" as "Building Fund" which was collected by the School and utilised in contravention of the aforesaid clause.

- III. Further, the School has also utilised Rs. 3,94,26,334 out of its fund for construction of new class rooms/ sections, lab room etc. and capitalised under the head "Building" in FY 2014-15 to 2016-17.

(Figure in Rs.)

Particulars	Amount
FY 2014-15	1,55,14,324
FY 2015-16	1,23,83,053
FY 2016-17	1,15,28,957
<b>Total</b>	<b>3,94,26,334</b>

The amount utilised by School is in contravention of the aforesaid clause. Hence, the School is hereby directed to recover the above-mentioned capital expenditure from the society. Further, it shall also ensure that capital expenditure if required to be made shall be in accordance with clause 2 of public notice dated May 4th, 1997.

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IV. The Supreme Court in Modern School vs. Union of India & Others directed that it shall be the duty of the Director of Education to ascertain whether the terms of allotment of land by the government to the School have been complied with or not. Accordingly, as per the land allotment letter, the School shall not to increase the rate of tuition fee without the prior sanction of the Director of Education and shall follow the provisions of Delhi School Education Act/ Rules, 1973 and other instructions issued from time to time. On review of the original of fee receipts submitted by the School for the FY 2015-16 and 2016-17, it has been observed that the School increased the Tuition fee FY 2016-17 without obtaining prior approval from the DOE. The fee charged by the school in April 2015 and in April 2016 is as under.

(Figure in Rs.)

Class	Tuition Fee (Quarterly)	
	2015-16	2016-17
Pre School	9,975	9,975
Pre Primary	9,975	9,975
I	9,975	10,875
II	9,975	10,875
III	9,975	10,875
IV	9,975	10,875
V	10,350	10,875
VI	10,350	11,250
VII	10,350	11,250
VIII	10,350	11,250
IX	10,710	11,610
X	10,710	11,610
XI	13,245	14,445
XII	13,245	14,445

V. As per the condition of recognition certificate stated in clause 10 of form 2, management of the school shall create a reserve. Further, on review of the audited financial statement for the FY 2014-15 to 2016-17, it was noted that the school has availed a Bank OD on which school has paid interest by utilising the student's fees. During the discussion with the school, we were informed that School this Bank OD was availed for maintaining the Salary Reserve Fund. However, on review of Financial Statements for the year 2014-15 to 2016-17 it was observed that neither school is maintaining any Salary reserve nor it has any Fixed Deposit as required by the above clause. Further, on detailed verification, it was noted that the school has utilised this Bank OD to meet out their capital expenditure which is again in contravention of Rule 177 of DSEAR, 1973 which requires that capital expenditure should be incurred out of the savings. Therefore, the repayment of Bank OD made by the school during the period under review is added back while calculating the availability of fund the school is hereby directed to recover the same from the society. Further outstanding balance amount of Bank OD amounting to Rs. 54,22,430 is to be paid by the society and not the school.

VI. In the FY 2014-15, FY 2015-16 and FY 2016-17, the school has taken loan for purchase of buses. The repayment of this loan and interest thereon is done out

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of the school fees received from the students which is in contravention to Rule 176, hence the same is disallowed and shall be added back while calculating the fund available with the school and this shall be recovered from the society. The details of repayment of loan and inters are as under:

(Figure in Rs.)

Particulars	Repayment of Loan	Interest (Including interest paid on Bank OD which is also recovered from the society)
FY 2014-15	13,54,745	2,17,614
FY 2015-16	8,06,001	1,16,602
FY 2016-17	3,47,388	4,26,434
<b>Total</b>	<b>25,08,134</b>	<b>7,60,650</b>

The aforesaid payment is in contravention of the aforesaid clause. Hence, the school is hereby directed to recover the principal and interest thereon the loan from the society.

- VII. The school is charging earmarked levy namely transport fee, sport fee and lab charges from the students but these fees are not charged on 'no profit no loss' basis as school is either earning surplus or incurring deficit from this levy. During the period under evaluation, school has generated surplus on account of transportation fee but for the sport fee & lab charges school has not provide any details as it is included in the total fee in the financial statement. Further, school is not following the fund-based accounting in respect of these earmarked levy collected from the students. Accordingly, the school is directed to follow fund based accounting.

**Other Irregularities**

- I. School has provided for gratuity and leave encashment on the basis of management estimates instead of actuarial valuation basis in accordance with AS-15- Employee Benefits for FY 2014-15, 2015-16 & 2016-17. The school is directed to adhere to requirements of AS-15 of ICAI.
- II. As per Rule 177 of DSEAR,1973 income derived by Unaided Recognised Schools by way of fees shall be utilised for the purpose of establishment expenses, educational expenses and co-curricular activity. But in the FY 2016-17 the school has incurred following expenditure and proposed these expenses in the budget for FY 2017-18 as well which are not in the nature of establishment expenses or educational or co-curricular activity.

(Figure in Rs.)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	Budgeted FY 2017-18	Total Expenses
Animal Welfare Expenses	-	-	82,660	86,793	1,69,453
Donation	51,900	1,62,055	53,600	56,280	3,23,835

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Further, school given the reply during the discussion that "Animal Welfare expenses" are related to watch dogs of the school. However, School has not shown any livestock assets in the audited financial statement. The school is directed to adhere to requirements of Rule 177 of DSEAR, 1973.

- III. As per DOE order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as s.no. 18 of DDA land allotment letter, the school shall provide 25% reservation to children belonging to EWS category. However, the school has not complied with above requirement in the FY 2014-15, FY 201-16 and FY 2016-17. The details of total students and EWS students for the FY 2014-15, 2015-16 & 2016-17 are given below:

S.No.	Particulars	FY 2014-15	FY 2015-16	FY 2016-17
1	EWS Students	113	132	147
2	Total Students	1,062	1,102	1,120
3	% of EWS Students	11%	12%	13%

The school is directed to adhere to requirements of DOE order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as S.No.18 of DDA land allotment letter.

- IV. The school has not prepared the audited financial statement as per the requirement of Appendix-II order no. F.DE-15/ACT- I/WPC-4109/part/13/7905-7913 dated 16.04.2016 in the FY2015-16 and 2016-17. The following irregularities are noted:
  - a) School has not shown the 'Staff Salary and Benefits' separately in the 'Income and Expenditure account' for teaching and non-teaching staff.
  - b) School has not shown the corresponding previous figures in the balance sheet and income and expenditure account.

The school is directed to adhere to requirements of Appendix-II order no. F.DE-15/ACT- I/WPC-4109/part/13/7905- 7913 dated 16.04.2016

- V. As the judgement of Hon'ble Supreme Court "no separate science fee or computer fee shall be realised from any students up to the secondary stage. However, on the review of fee receipts of the school for the FY 2014-15 to 2016-17, school has received "Lab Fee" from all its students. Therefore, the school is directed to adhere to judgement of Hon'ble supreme court
- VI. As per Accounting standard AS-6/ Revised AS-10 issued by the ICAI, Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. But School is not charging any depreciation on the building which is used by it for conducting its operation. Non-charging of depreciation is in contravention of above mentioned accounting standard. Accordingly, the school is directed to adhere to the above-mentioned accounting standard.

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After detailed examination, considering all the material on record and clarification submitted by the School it was finally evaluated/concluded that:

- i. The total funds available for the year 2017-18 amounting to Rs. **11,76,69,508** out of which cash outflow in the year 2017-18 is estimated to be Rs. **6,86,20,286**. This results in surplus of funds amounting to Rs **4,94,77,224** The details are as follows:

Particulars	Amount (Rs.)	Remark
Cash and Bank balances as on 31.03.17 as per Audited Financial Statements	11,74,565	
Add: Investments as on 31.03.17 as per Audited Financial Statements	1,12,77,584	
Add: Capital expenditure on Building (Recovered from Society)	3,94,26,334	Refer "Note 1"
Add: Advance given to the Principal and Employee	10,50,000	Refer "Note 2"
Add: School has utilised its fund in contravention of Rule 177 DSER, 1973	32,68,784	Refer "Note 3"
Less: Fixed Deposit with Bank with DoE	8,93,118	
<b>Available Funds</b>	<b>5,53,04,149</b>	
Add: Fees for FY 2016-17 as per Audited Financial Statements (we have assumed that the amount received in 2016-17 will at least accrue in 2017-18)	6,15,03,445	
Add: Other income for FY 2016-17 as per Audited Financial Statements (we have assumed that the amount received in FY 2016-17 will at least accrue in FY 2017-18)	8,61,914	
<b>Estimated availability of funds for FY 2017-18</b>	<b>11,76,69,508</b>	
Less: Budgeted expenses for the FY 2017-18 (after making adjustment)	<b>6,86,20,286</b>	Refer "Note 4 & 5"
Net Surplus	<b>4,90,49,222</b>	

**Adjustment:**

**Note 1:** School has incurred the expenditure in contravention in contravention of Clause 2 of Public notice dated May 4<sup>th</sup>, 1997.

**Note 2:** School has given the advances to the principal and employee which neither recovered from last 3 years nor adjusted against the salary of the principal & employee. Hence, it is the fund which is to be adjusted or recovered from the principal and employee of the School

**Note 3:** School has incurred capital expenditure by taking a loan in contravention of Rule 177 DSER, 1973.

**Note 4:** Since the school has not proposed depreciation in its budget, same amount of depreciation is considered in the budgeted year as it was in the FY 2016-17.

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**Note 5:** In the budget of the FY 2017-18, school has proposed the following expenses in the nature of capital expenditure and repayment of loan which is not considered for the fee hike proposal because fee hike is given for the payment of salary in accordance with 7<sup>th</sup> CPC

<b>(Figures in Rs.)</b>	
<b>Particulars</b>	<b>Amount (Rs)</b>
Construction of Building	51,50,000
Mini Auditorium for students	30,00,000
Solar Power Plant	20,00,000
School Bus	15,00,000
Repayment of Loan	1,66,000
<b>Total</b>	<b>1,18,16,000</b>

- ii. The School has sufficient funds to carry on the operation of the School for academic session 2017-18 on the existing fees structure. In this regard, Directorate of Education has already issued directions to the Schools vide order dated 16/04/2010 that,

"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it has been recommended by the team of expert Chartered Accountants that since prima facie there are financial and other irregularities and also, sufficient funds are available with the School to meet its budgeted expenditure for the academic session 2017-18 including the impact of implementation of recommendations of 7<sup>th</sup> CPC, the fee increase proposal of the School may not be accepted.

AND WHEREAS, recommendations of the team of Chartered Accountants along with relevant material were put before the Director of Education for consideration and who after considering all the material on the record and financial and other irregularities in the School and found that sufficient funds are available with the School to meet its budgeted expenditure for the academic session 2017-18 including the impact of implementation of recommendations of 7<sup>th</sup> CPC. Therefore, Director (Education) has rejected the proposal of fee increase submitted by the said School.

AND WHEREAS, It is also noticed that the School has incurred capital expenditure on Building of Rs. 3,94,26,334, Bus of Rs. 32,68,784 by taking loan and Building Fund collected from the students amounting of Rs.4,28,000. The School is directed to recover all these amounts from the society. The amount 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

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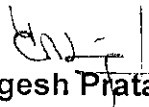
issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

Accordingly, it is hereby conveyed that the proposal of fee increase of **St. Columbo Public School, M.P. Enclave Pitam Pura Delhi-110052 (School Id: 1411202)** is 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 any fee in pursuance to the proposal submitted by School for the academic session 2017-18 and if, the fee is already increased and charged for the 2017-18, the same shall be refunded to the parents or adjusted in the fee of subsequent months.
2. To communicate the parents through its website, notice board and circular about rejection of fee increase proposal of the School by the Directorate of Education.
3. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India. Therefore, School not to include capital expenditure as a component of fee structure to be submitted by the School under section 17(3) of DSEA, 1973.
4. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.
5. To remove all the financial and other irregularities as listed above and submit the compliance report within 30 days to the D.D.E (PSB).
6. In case of submission of any proposal for increase in fee for the next academic session, the compliance of the above listed financial and other irregularities/violations will also be attached.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with the provision of Section 24(4) of DSEA, 1973 and DSER, 1973.

This is issued with the prior approval of the Competent Authority.

  
(Yogesh Pratap)

Deputy Director of Education  
(Private School Branch)

Directorate of Education, GNCT of Delhi

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To  
The Manager/ HoS  
St. Columbo Public School,  
M.P. Enclave Pitam Pura  
Delhi-110052 (School Id: 1411202)

No. F.DE.15(593)/PSB/2018/30048-53

Dated: 30/11/18

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  
(Private School Branch)

Directorate of Education, GNCT of Delhi