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

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No. F.DE.15 (250)/PSB/2019 /1330-1334

Dated: 29/03/19

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 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 proposal 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 recognized unaided 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 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."

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, **Ravindra Public School, SD-QD Block Pitampura Delhi-110088 (School Id: 1411216)** had submitted the proposal for increase in fee for the academic session 2017-18 including the impact on account of implementation of recommendations of 7th CPC.

AND WHEREAS, in order to ensure that the proposals submitted by the Schools for fee increase are justified or not, this Directorate has deployed teams of expert Chartered Accountants at HQ 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, necessary records and explanations were also called from the School vide email dated March 24, 2018. Further, School was also provided opportunity of being heard on June 06, 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 clarifications on various issues noted.

(12/29)

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. In respect of earmarked levies, school is required to comply with:
 - a. Clause 22 of order dated 11.02.2009, which specifies that earmarked levies shall be charged from user students on 'no profit no loss' basis;
 - b. Rule 176 of DSER, 1973, which provides that 'income derived from collections for specific purpose shall be spent only for such purpose';
 - c. Judgement of Hon'ble Supreme Court of India in the case of Modern School Vs Union of India & Others, which specifies that schools, being run as non-profit organizations, are supposed to follow fund-based accounting.

However, on review of audited financial statements for FY 2014-15, 2015-16 and 2016-17, it is noted that the School has been charging earmarked levies namely i.e. transport fees, E-education fees and computer fee from the students but these fees are not charged on 'no profit no loss' basis as the School is either earning surplus or having deficits from these levies. During the period under evaluation, School has incurred deficits under transport fee, E-education fees and computer fee. Moreover, the School has not followed fund-based accounting in respect of earmarked levies charged from the students. Therefore, School is directed to follow fund based accounting.

Further, as per the Duggal Committee report, there are four categories of fee that can be charged by a School. The first category of fee comprised of "registration fee and all One Time Charges" levied at the time of admission such as admission and caution money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science and computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the forth category should consist of all "Earmarked Levies" for the services rendered by the School and to be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding,

tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

Considering the aforesaid provisions, the earmarked levies should be collected from the user students only availing the services/ facilities and if such service/facilities have been extended to all the students of the School then separate charges should not be collected because it would get covered either from the Tuition Fee or from the Annual Charges. Therefore, the School should consider the matter and stop the collection of separate earmarked levies in the name of Digi classes/ SMS.

- II. The 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. There could be an impact on the financials of the school, had the provision been done on the basis of actuarial valuation. In the absence of the actuarial report, the same could not be quantified and therefore, no adjustment has been made in evaluation of fee increase proposal.
- III. On review of the financial statements, it has been observed that the school has paid remuneration to an honorary staff of Rs. 1,31,000, Rs. 1,65,000 and 154,400 in the FY 2014-15, FY 2015-16 and FY 2016-17 respectively. But the school has not provided the complete details regarding such payment. Therefore, the school is instructed to submit the details for such payments.

Other Irregularities

- I. The school is charging depreciation on fixed assets as per the rates as prescribed under the Income Tax Act, 1961 instead of rates as specified in Appendix 1 to the Guidance Note-21 "Accounting by Schools" issued by the Institute of Chartered Accountants of India (ICAI). School should follow the depreciation rates as prescribed in the Guidance Note-21 "Accounting by Schools" issued by ICAI.
- II. In FY 2014-15, 2015-16 and 2016-17, following irregularities have been noted in relation to caution money:

- a. As per Clause 4 of Order No.DE./15/150/ACT/2010/4854-69 dated 09/09/2010, after the expiry of 30 days, the un-refunded caution money belonging to ex-students shall be reflected as income in 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 ensuing academic year. However, on review of statement of fee/fund submitted with return filled under rule 180(1) of DSEA & R, 1973, it has been noted that school has not considered the amount of un-refunded caution money as income in the next financial year.
- b. Further, the caution money is being refunded to the students on their leaving from the school without interest which is not in accordance with the provisions of clause 18 of Order No. F.DE. /15 (56) /Act /2009 / 778 dated 11/02/2009.
- III. The fixed asset schedule of the financial years 2016-17 reflecting adjustment for Rs. 8,000 for photo copy machine in the gross block of assets but the corresponding profit and loss on the sale/ adjustment is not reflecting in the financial statements. Further, the school has not provided any details any clarification for this sale/ adjustment. Therefore, the school may be instructed provide the details of such sale/ adjustment and pass the accounting entry in its books of account.
- IV. The school has not complied with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04-06-2012, which provides for 25% reservation to children belonging to EWS and DG category at the entry level. Since the school is not complying with aforesaid order therefore, the concerned DDE (District) should look into the matter. The details are as follow:

| Particulars | 2014-15 | 2015-16 | 2016-17 |
|---------------------------------------------------|----------------|----------------|----------------|
| Total no. of students in school | 1400 | 1351 | 1327 |
| Total EWS students | 250 | 260 | 203 |
| % of EWS students to total no. of students | 17.85% | 19.25% | 15.30% |

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

- i. The total funds available for the FY 2017-18 amounting to **Rs. 4,59,90,212** out of which cash outflow in the FY 2017-18 is estimated to be **Rs. 4,93,74,323**. This results in deficit of **Rs. 33,84,110**. The details are as follows:

(Figures in Rs.)

| Particulars | Amount |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Cash and Bank balances as on 31.03.17 as per audited Financial Statements | 42,72,354 |
| Investments as on 31.03.17 as per audited Financial Statements | 32,38,516 |
| Less: Fixed Deposit with Bank in the joint name of Secretary CBSE and Manager, Ravindra Public School | 4,19,127 |
| Less: Fixed Deposit with Bank in the joint name of DDE and Manager, Ravindra Public School | 1,30,637 |
| Less: Fixed Deposit with Bank in the joint name of Secretary CBSE and Manager, Ravindra Public School | 5,13,550 |
| Less: Fixed Deposit with Bank in the joint name of DDE and Manager, Ravindra Public School | 1,19,658 |
| Less: Fixed Deposit with Bank in the joint name of Secretary CBSE and Manager, Ravindra Public School | 1,76,169 |
| Less: Balance of Caution Money as on 31.03.2017 | 10,24,289 |
| Total | 51,27,439 |
| Fees for 2016-17 as per audited Financial Statements (we have assumed that the amount received in 2016-17 will at least accrue in 2017-18) | 4,04,28,057 |
| Other income for 2016-17 as per audited Financial Statements | 4,34,716 |
| Estimated availability of funds for 2017-18 | 4,59,90,212 |
| Less: Budgeted expenses for the session 2017-18 (after making adjustment) (Refer Note 1 and 2) | 4,93,74,323 |
| Estimated Deficit | 33,84,110 |

Adjustments

Note 1: For the first time the school has budgeted Rs 1,81,01,898 for the FY 2017-18 as provision for gratuity on the basis of management estimates not as per the actuarial valuation report as required AS-15, therefore, the same has been not been considered in the evaluation of fee increase proposal because it has not been proposed on the basis of actuarial valuation basis.

Also, the school has budgeted proposed 52% increment towards salary expenditure including the arrears salary as per the recommendation of the 7th CPC as compared the actual salary paid by the school in the previous FY 2016-17. For which the school has not provided any clarification/justification for such unusual increase in salary expenditure. Therefore, considering the impact of 7th CPC, the expenditure towards salary has been restricted to 40% of the actual salary paid in the previous. The calculation of which is as under:

| Particulars | (Figures in Rs.) | |
|---------------------------------------------------|--------------------|--|
| | Amount | |
| Salary Expenditure during FY 2016-17 | | |
| Teaching | 2,54,15,955 | |
| Non-teaching | 11,54,000 | |
| Total (A) | 2,65,69,955 | |
| Budgeted salaries for FY 2017-18 | | |
| Teaching | 3,61,72,116 | |
| Non-teaching | 42,00,000 | |
| Total (B) | 4,03,72,116 | |
| Proposed Increase in salary expenditure (C=A-B) | 1,38,02,161 | |
| % Increase (D=C/A*100) | 52% | |
| Amount allowed (40% of salary paid in FY 2016-17) | 1,06,27,982 | |
| Amount disallowed | 31,74,179 | |

Note 2: Under the following heads the School has proposed expenditure in excess of 10% as compared to the actual expenditure incurred in the FY 2016-17 or has proposed new head of expenditures which was not there in the FY 2016-17, for which the school has not provided any justification for such unusual increase. Since, the FY 2017-18 is the year of implementation of 7th CPC where the parents/students are already overburdened, therefore, the following expenditure has been restricted to 110% of the actual expenditure incurred by the school in the previous financial year considering the rate of inflation.

| Particulars | (Figures in Rs.) | | | | |
|------------------------------|------------------|------------|------------|----------|-------------------|
| | FY 2016-17 | FY 2017-18 | Difference | % Change | Amount disallowed |
| Legal & Professional Charges | 81,724 | 1,65,000 | 83,276 | 102% | 75,104 |

| Particulars | FY 2016-17 | FY 2017-18 | Difference | % Change | Amount disallowed |
|------------------------------------------------|------------|------------|------------|----------|-------------------|
| Lab Expenses | 1,03,747 | 3,55,000 | 2,51,253 | 242% | 2,40,878 |
| Newspapers and Periodicals | 9,956 | 25,000 | 15,044 | 151% | 14,048 |
| Function & Festival Expenses | 2,48,363 | 3,53,000 | 1,04,637 | 42% | 79,801 |
| Sports & Culture Expenses | 1,20,000 | 1,50,000 | 30,000 | 25% | 18,000 |
| Cleaning & Washing Expenses | 11,200 | 75,000 | 63,800 | 570% | 62,680 |
| Car Running & Maintenance | 76,112 | 1,15,000 | 38,888 | 51% | 31,277 |
| Whitewash Expenses | 2,95,785 | 3,80,000 | 84,215 | 28% | 54,637 |
| Membership & Subscription | 30,100 | 3,25,000 | 2,94,900 | 980% | 2,91,890 |
| Computer Repairs & Maintenance | 1,08,518 | 3,05,000 | 1,96,482 | 181% | 1,85,630 |
| Sanitary Repairs & Maintenance | 29,701 | 2,15,000 | 1,85,299 | 624% | 1,82,329 |
| Library Expenses | 5,793 | 50,000 | 44,207 | 763% | 43,628 |
| Travelling & Conveyance | 1,05,540 | 1,70,000 | 64,460 | 61% | 53,906 |
| Postage & Courier | 7,770 | 15,000 | 7,230 | 93% | 6,453 |
| Printing & Stationery | 2,62,434 | 6,75,000 | 4,12,566 | 157% | 3,86,323 |
| Cricket Coaching Expenses | 45,000 | 1,50,000 | 1,05,000 | 233% | 1,00,500 |
| Telephone and Internet Expenses | 69,120 | 90,000 | 20,880 | 30% | 13,968 |
| Furniture & Fixture Repairs | 1,40,954 | 1,80,000 | 39,046 | 28% | 24,951 |
| Other Repair (Machinery Repairs & Maintenance) | 2,18,308 | 3,90,000 | 1,71,692 | 79% | 1,49,861 |
| Total | | | | | 20,15,863 |

- ii. It seems that the School may not be able to meet its budgeted expenses from the existing fees structure and accordingly, it should utilise its existing funds/ reserves.

In this regard, Directorate of Education has already issued directions to the Schools vide circular no. 1978 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 was recommended by the team of Chartered Accountants that though certain financial irregularities exist (appropriate financial impact of which has been taken on the fund position of the School) and certain procedural finding noted (appropriate instruction against which have been given in this order), the fee increase proposal of the School may 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, found it appropriate to allow the increase in tuition fee by 15% from 01 April, 2019.

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2017-18 of **Ravindra Public School, SD-QD Block Pitampura Delhi-110088 (School Id: 1411216)** has been accepted by the Director of Education with effect from April 01, 2019 and the School is hereby allowed to increase the tuition fee by 15%.

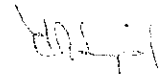
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. To increase the tuition fee only by the prescribed percentage from the specified date.
2. To rectify all the financial and other irregularities as listed above and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).
3. To ensure implementation of recommendations of 7th CPC in accordance with Directorate order dated 25.08.2017.

4. 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 and others. 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.
5. To utilize 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.

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

To

The Manager/ HoS

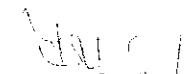
Ravindra Public School, SD-QD Block Pitampura Delhi-110088 (School Id: 1411216)

No. F.DE.15 (250)/PSB/2019 / 1330 - 1334

Dated: 29/03/19

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