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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 (414)/PSB/2018/30042-47  
Order

Dated: 30/11/18

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."

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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, **OPG World School, Sector 19B, Dwarka, New Delhi - 110075 (School Id: 1821274)** 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, 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 in this process of evaluation, necessary records and explanations were also called from the school vide email dated April 03, 2018. Further, school was also provided an opportunity of being heard on May 02, 2018 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarifications 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 8 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999, no amount whatsoever shall be transferred from the recognised unaided school fund of a school to the society or the trust or any other institution. However, on review of the audited financial statements of the FY 2014-15, it was noted that Rs. 2,98,51,331 was recoverable from the society as on 31.03.2015 which was adjusted by the school in FY 2015-16 against transfer of building and other assets from the society to the school. The value of fixed assets transferred from the society to school includes building amounting to Rs.14,26,95,976 which signifies that the school has made indirect payment to the society for construction/ acquisition of building to the extent of advance recoverable from the society i.e. Rs. 2,98,51,331 in contravention of clause 2 of public notice dated May 04, 1997. Therefore, this amount is recoverable from the society and has been included in the calculation of fund balance of the school.
- II. The school has treated the development fee as revenue receipts during the FY 2014-15 and 2015-16 and has also not maintained depreciation reserve fund equivalent to

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The depreciation charged in the revenue which is in contravention of clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

III. The school has utilised the development fee for purchase of vehicles amounting to Rs. 21,65,454/- during FY 2016-17 which is in contravention of clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009. Therefore, school is to make necessary adjustments in the development fund account and general reserve.

IV. On review of audited financial statements for FY 2014-15, 2015-16 and 2016-17, following points have been observed:

- a. The school is charging earmarked levies namely transport fee, sports 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 these levies. During the period under evaluation, school has earned surplus on account of transportation fee and incurred deficit against the receipts of lab charges.
- b. The school is not following the fund-based accounting in respect of these earmarked levies collected from the students.

School is to maintain fund-based accounting for the earmarked levies charged by it in accordance with generally accepted accounting principles and GN-21 Accounting by School issued by the Institute of Chartered Accountants of India (ICAI).

**Other Irregularities:**

- I. During FY 2016-17, it is noted that school has created provision for gratuity Rs. 47,52,103 on the basis of actuarial valuation report against which the school has made investment of Rs. 45,11,926 with corporation bank in the joint name of manager and chairman of the school. Thus, the investments made by school against gratuity is not complying with the requirements of AS-15 – Employee Benefits issued by the Institute of Chartered Accountants of India (ICAI). Therefore, the same has not been considered in the calculation of fund available with the school.
- II. 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. The details as per school are as follows:

Particulars	2014-15	2015-16	2016-17
Total no. of students in school	695	774	945
Total EWS students	0	52	82
% of EWS students to total no. of students	0.00%	6.72%	8.68%

- III. During FY 2014-15 and 2015-16, liability against caution money was not appearing in the financial statements. However, in FY 2016-17 the school has prepared the schedule of caution money showing opening balance of Rs. 6,85,313. The detail of schedule of caution money is as follows:



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S. No.	Particulars	Amount
1	Opening Balance as on April 01, 2016	6,85,313
2	Addition made during the year 2016-17	1,31,000
3	Deduction made during the year 2016-17	-
4	Closing Balance as on March 31, 2017	8,16,313

Further, during discussion school explained that it has not refunded any caution money during FY 2014-15, 2015-16 and 2016-17 to the students who has left the school. Thus, the correct amount of caution money liability and amount of income which should have been included in the proposed budget of FY 2017-18 cannot be ascertained. Therefore, the school is required to determine actual liability on account of caution money refundable to students in the financial statements.

- IV. In FY 2015-16 the school has re-arranged the grouping of fixed assets as compared to FY 2014-15. However, the impact of such change has not been disclosed in the financial statements. The details of differences are as follows:

(Figures in Rs.)

S. No.	Particulars	31.03.2015	01.04.2015	Difference
1	Building	-	92,91,829	-92,91,829
2	Plant and Machinery	1,23,24,720	18,36,798	1,04,87,922
3	Furniture and Fixtures	1,30,45,355	42,36,014	88,09,341
4	Vehicles	-	93,62,394	-93,62,394
5	Computers	-	1,64,203	-1,64,203
6	Science Equipment	-	1,06,440	-1,06,440
7	Sports Equipment	-	1,57,938	-1,57,938
8	Library Books	-	2,14,459	-2,14,459
<b>Total</b>		<b>2,53,70,075</b>	<b>2,53,70,075</b>	<b>-</b>

- V. As per the fee reconciliation statement provided by the school in response to email dated on April, 25, 2018, differences under following heads of income have been observed for which school has not submitted any clarification. Details of such differences are summarized below:

**For FY2016-17**

Particulars	Fees as per fee reconciliation statement for FY 2016-17 (Rs.)	Fees as per audited financial statements for FY 2016-17 (Rs.)	Difference (Rs.)	%Change
Tuition Fee	6,09,94,200	5,86,07,300	-23,86,900	-4.07%
Annual Charges	1,11,43,200	1,14,20,900	2,77,700	2.43%
Development Charges	91,42,920	89,53,828	-1,89,092	-2.11%
Sports Fees	56,76,240	55,68,210	-1,08,030	-1.94%
Transportation Charges	1,00,44,750	1,00,03,428	-41,322	-0.41%



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Particulars	Fees as per fee reconciliation statement for FY 2016-17 (Rs.)	Fees as per audited financial statements for FY 2016-17 (Rs.)	Difference (Rs.)	%Change
Total	9,70,01,310	9,45,53,666	-24,47,644	-2.59%

## For FY 2015-16

Particulars	Fees as per fee reconciliation statement for FY 2015-16 (Rs.)	Fees as per audited financial statements for FY 2015-16 (Rs.)	Difference (Rs.)	%Change
Tuition Fee	5,02,96,800	5,13,29,078	10,32,278	2.01%
Annual Charges	92,61,600	1,02,59,049	9,97,449	9.72%
Development Charges	75,37,800	81,15,873	5,78,073	7.12%
Sports Fees	47,80,080	51,57,155	3,77,075	7.31%
Total	7,18,76,280	7,48,61,155	29,84,875	3.99%

## For FY 2014-15

Particulars	Fees as per fee reconciliation statement for FY 2014-15 (Rs.)	Fees as per audited financial statements for FY 2014-15 (Rs.)	Difference (Rs.)	%Change
Tuition Fee	4,82,63,400	4,07,61,187	-75,02,213	-18.41%
Annual Charges	88,99,200	1,10,45,384	21,46,184	19.43%
Development Charges	72,32,640	69,39,693	-2,92,947	-4.22%
Sports Fees	46,12,560	51,57,155	5,44,595	10.56%
Total	6,90,07,800	6,39,03,419	-51,04,381	-7.99%

Therefore, the school is to ascertain the reasons of such differences and submit the same to department in compliance of this order.

- VI. The school has budgeted salaries for FY 2017-18 amounting to Rs. 6,01,60,000 against actual salaries of Rs. 4,18,24,733 in FY 2016-17. Therefore, the school has proposed 44% (i.e. Rs.1,83,35,267) increase in salary expenditure. The overall increase in establishment cost was Rs. 2,44,67,890 (i.e., 51% increase). As per school's submission, this increase in salaries is due to appointment of new teachers and staff due to introduction of 4 new sections in Nursery class and introduction of class XI and XII during session 2017-18. However, on review of the minutes of the SMC meeting as submitted by school along with its proposal, following details of staff strength of the school has been observed:

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S. No.	Particulars	As on 31.12.2015	As on 01.01.2016	As on 17.10.2017
1.	Academic Staff (Regular)	28	28	35
2.	Academic Staff (consolidated pay)	11	19	17
3.	Administrative Staff (consolidated pay)	7		
<b>Total</b>		<b>46</b>	<b>47</b>	<b>52</b>

Therefore, the claim of school about the increment of salaries by Rs. 1,83,35,267 on account of increase in number of staff is not justifiable as the school has not provided complete details regarding the date of appointment of these staffs, pay grade, designation, qualification, SMC approval, etc. to substantiate its claim. Therefore, in the absence of proper explanation/ justification by school budgeted increase in salaries has not been considered.

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 year 2017-18 amounting to Rs. 16,21,13,295 out of which cash outflow in the year 2017-18 is estimated to be Rs. 11,22,27,438. This results in surplus of funds amounting to Rs 4,98,85,857. The details are as follows:

Particulars	Amount (Rs.)
Cash and Bank balances as on 31.03.17 as per audited Financial Statements	-44,47,912
Add: Investments as on 31.03.17 as per audited Financial Statements	4,01,40,410
Add: Recoverable balance from society	2,98,51,331
Less: Fixed Deposit with Bank in the joint name of DDE and Manager, OPG World School	2,00,000
Less: Fixed Deposit with Bank in the joint name of Secretary CBSE and Manager, OPG World School	1,00,000
Less: Development Fund (balance as on 31.03.2017)	9,37,949
<b>Available Funds</b>	<b>6,43,05,880</b>
Add: 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)	9,48,09,183
Add: Other income 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)	29,98,232
<b>Estimated availability of funds for 2017-18</b>	<b>16,21,13,295</b>
<b>Less: Budgeted expenses for the session 2017-18 (after making adjustment) (Note 1 and 2)</b>	<b>11,22,27,438</b>



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Particulars	Amount (Rs.)
Net Surplus	4,98,85,857

**Adjustment:**

**Note 1:** The school has budgeted salaries for FY 2017-18 amounting to Rs. 6,01,60,000 against actual salaries of Rs. 4,18,24,733 in FY 2016-17. Therefore, the school has proposed 44% (i.e. Rs.1,83,35,267) increase in salary expenditure. The overall increase in establishment cost was Rs. 2,44,67,890 (i.e., 51% increase). The claim of school about the increment of salaries Rs. 1,83,35,267 on account of increase in number of staff is not justifiable as the school has not provided complete details regarding the date of appointment of these staffs, pay grade, designation, qualification, SMC approval, etc. to substantiate its claim. The review of school records does not corroborate that there is any substantial increase in staff.

**Note 2:** The school has proposed Rs. 1,58,00,000 as capital expenditure out of which Rs. 23,50,000 relating to repayment of vehicle loan and Rs. 30,00,000 for purchase of new bus which has not been considered in above calculation as the burden of the same cannot be imposed on all students of the school. School has also proposed Rs. 44,50,000 for construction of a "new block" in the existing building in FY 2017-18 in contravention of clause 2 of public notice dated May 4th, 1997 therefore, the same has been not considered in the evaluation of fee increase proposal for FY 2017-18.

- ii. The school has sufficient funds to carry on the operation of the school for the 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 was recommended by the team of expert Chartered Accountants that prima facie there are financial and other irregularities and also funds are available with the school on account of implementation of recommendations of 7<sup>th</sup> CPC and to carry out its operations for the academic session 2017-18, the fee increase proposal of the school may not be accepted.

AND WHEREAS, recommendations of the team of expert 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 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 noticed that the school has transferred Rs. 2,98,51,331 to the society. This amount is to be recovered 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 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 **OPG World School, Sector 19B, Dwarka, New Delhi - 110075 (School Id: 1821274)** is hereby 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:

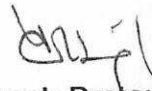
1. Not to increase any fee in pursuance to the proposal submitted by school on any account including implementation of 7th CPC for the academic session 2017-18 and if the fee is already increased and charged for the academic session 2017-18, the same shall be refunded to the parents or adjusted in the 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 remove all the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of issue of this order to the D.D.E (PSB).
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. 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 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.
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.

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

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(Yogesh Pratap)  
Deputy Director of Education  
(Private School Branch)  
Directorate of Education, GNCT of Delhi

To

The Manager/ HoS

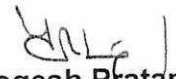
OPG World School,

Sector 19B, Dwarka, New Delhi - 110075 (School Id: 1821274)

No. F. DE. 15 (414) / PSB / 2018 / 30042-47 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