

NW-B
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/ 963

Dated: 13/10/2017

ORDER

Whereas, the request of Rukmini Devi Public School, B-5, Sector-4, Rohini, Delhi-110085 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/13/14650-655 dated 01.05.2017 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 Rukmini Devi Public School, Rohini 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 Rukmini Devi Public School on 18.05.2017 at 10.30AM 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 18.05.2017 at 10.00AM and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school are taken on record and analyzed in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions issued there-under.

Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	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 annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture,	The amount of depreciation on development fund assets has not been charged from Income and expenditure	The school should follow clause 14 of the said order in letter and spirit. School should

<p>fixtures and equipment. Also, any income earned out of the investment made out of this fund is to be kept separately maintained development fund. However, the school was utilising development fee other than the purposes mentioned in the said clause and is transferring amounts in depreciation reserve fund. The school is following Cash basis of accounting in respect of fee collected from the students and not recording any fee recoverable from students in the respective years.</p>	<p>account and instead has been charged from Development fund.</p> <p>The fee due from certain students which could not be collected was considered as non-recoverable and therefore, not recorded as income.</p>	<p>take steps to recover fees from the students.</p>
<p>2. 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. However, the school during FY 2013-14, FY 2014-15 and FY 2015-16 was collecting transport fee wherein it is able to generate considerable surplus by collecting more fee than the actual expenditure incurred there against. This implies that school is not following 'no profit no loss' basis for determining rates of these fees. As calculated, during 2013-14 to 2015-16, surplus on this account was Rs. 429,942 (after charging depreciation of Rs133,672).</p>	<p>There was surplus in transport fee and the same has been integral part of Income and Expenditure Account of the school. The lapse in this regard is regretted.</p>	<p>School is not allowed to make any surplus out of earmarked levies charged from the students. School should maintain proper books of accounts in respect of earmarked levies charged from the students. Also, school should follow DoE instructions in this regard.</p>
<p>3. As per Guidance Note on Accounting by School, related party transactions are to be disclosed in the in the Financial Statements. However, the school do not disclose related party transactions in the notes to accounts. The transactions made during the period under inspection are classified as follows :</p> <ol style="list-style-type: none"> Transactions between the School and Society; Transactions between the School and trustees or the members of the governing body of the school; and Transactions between the School with another school or any other school 	<p>The related party transactions are disclosed in tax audit report and the same was shared during inspection.</p> <p>Over the period, the school was in deficit and the society had funded the same. The school has refunded Rs. 15 lacs to society during FY 2015-16</p>	<p>The school should follow DOE instructions in this regard. The compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>

educational entity managed by the same trust or Society.
The natures of these transactions between the School and the Society are not clearly understandable. The credit balances of society in the books of school are as follows:

S.N o.	Particulars	As at 31.03.2014	As at 31.03.2015	As at 31.03.2016
1	Seth Pokhermal Education Society	61,13,049	65,13,049	50,13,049

Further, as per clause 8 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15/12/1999 and also reiterated by clause 23 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, no amount shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution. The above mentioned transactions are in violation of the provisions of these orders.

against the loan taken from society to fund the deficit.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	As per order no. F.DE-15/ACT-I/WPC-4109/Part/ 13/7914-7923 dated 16.04.2016, the school shall not charge increased fee during FY 2016-17 without approval of DoE. However, the school has started to charge increased fees from the students without any approval from the DoE.	The school has collected increased fee only in the case of pre-school classes as the admission were done in February-March, 2016 prior to the order of DoE.	The school should strictly follow DoE instructions in this regard.
2.	The school does not have any defined policy of procurement and no quotation was taken from any vendor before entering into any contract.	The school awards contracts to vendor as finalized by the society and most of the	The school is directed to maintain proper internal

		purchases were very small in nature.	contracts were very small in nature. Proper documents should be maintained regarding the amount charged against 'utility charges' and the basis of calculation should be kept on record for verification.
4.	The school is receiving utility charges from 'Rukmini Devi College of Education' amounting Rs. 8,00,000, Rs. 5,00,000 and Rs. 5,00,000 during FY 2013-14, 2014-15 and 2015-16 respectively.	The amount is collected against utility charges and has been utilised to meet out revenue expenditure of the school.	Proper documents should be maintained regarding the amount charged against 'utility charges' and the basis of calculation should be kept on record for verification.

And whereas, after going through the representations dated 12.05.2017 and submissions made by the school during the hearing held on 18.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **19,52,169/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per Audited Financial Statements	5,53,608
Investment as on 31.03.16 as per Audited Financial Statements	7,38,842
Total	12,92,450
Less: Development Fund#	0
Less: Depreciation Reserve Fund	9,42,450
Less: Provision for Retirement Benefits*	3,50,000
Less: Provision for Leave Encashment*	0
Available Funds	0
Fees for 2015-16 as per Audited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	1,09,80,240
Other income for 2015-16 as per financial statement	8,98,591
Estimated availability of funds for 2016-17	1,18,78,831
Less: Budget expenses for the session 2016-17 as submitted by school management	1,38,31,000

Particulars	Amount(Rs)
Net Deficit	-19,52,169

The school has already utilised development fee for purchase of fixed assets. Hence, the same is not considered from above calculations. Further, school do not have equivalent investments against Depreciation Reserve Fund and hence, same is allowed to the extent of investments available with the school.

* The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And provisions for retirement benefits should be based on actuarial valuation.

And whereas, in view of the above examination, it is evident that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 01.05.17, on the ground that the school had sufficient reserves. During the hearing, the school has represented that it do not have adequate funds to manage its operational expenses for the year from the available 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 deprecation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.' Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, these recommendations along with relevant materials were before Director of Education for consideration and who after considering all material on the record has found that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 12.05.2017 and subsequent submissions made in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, it has been decided by the Director (Education) to allow the school to increase the existing fee by 10% for the session 2016-17.

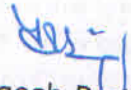
Accordingly, it is hereby conveyed that the representations for fee hike of Rukmini Devi Public School, B-5, Sector-4, Rohini, Delhi-110085, has been accepted by the Director of Education and the school is hereby allowed to increase the existing fee by 10% for the session 2016-17.

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

1. Compliance of all the instructions as mentioned in the order dated 01.05.17 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. 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.
3. The fee should be utilised as per letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education

To
The Manager/HoS
Rukmini Devi Public School,
B-5, Sector-4, Rohini,
Delhi-110085.

F. DE-15/ACT-I/WPC-4109/PART/13/ 963

Dated: 13/10/2017

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

(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education