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

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No. F.DE.15(418)/PSB/2018 / 10/10 - 10/14

Dated: 05/10/2018

Order

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17.10.2017 of Directorate of Education, Govt. of NCT of Delhi, has issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized schools in Delhi' and required that 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, need to submit its 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 where it has been directed by the Hon'ble Delhi High Court that the Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding 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, **Columbia Foundation Sr. Sec. School, D Block Vikas Puri, New Delhi - 110018 (School Id: 1618245)** 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 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 23, 2018. Further, school was also provided opportunity of being heard on June 01, 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, up-gradation and replacement of furniture, fixture and equipment. Development fee, if required to be charged shall be treated as capital receipts 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 out of this fund, will be kept separately maintained development fund account". However, on review of

audited financial statements for the year financial year 2014-15, 2015-16 and 2016-17, following observations has been noted:

- a. School has utilised development fee for purchase of assets other than furniture fixtures and equipment. Therefore, school is directed to rectify the said mis-utilisation and shall ascertain correct position of development fund. The details of amounts mis-utilised by the school are as under:

(Figures in Rs.)

Expenditure incurred	2014-15	2015-16	2016-17	Total
Up-gradation of building	34,81,168	9,35,522	12,35,481	56,52,171
Library Books	60,399	84,083	1,16,656	2,61,138
Grand Total	35,41,567	10,19,605	13,52,137	59,13,309

- b. The school has utilised development fund to the tune of Rs. 35,08,529 and Rs. 26,96,693 for meeting the deficit in payment of establishment expenditure during the financial year 2015-16 and 2016-17 respectively, in contravention of clause 14 of the order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

II. In respect of earmarked levies, school is required to adhere with:

- 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;
- Rule 176 of DSER, 1973, which provides that 'income derived from collections for specific purpose shall be spent only for such purpose';
- 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.

In FY 2014-15, 2015-16 and 2016-17, the school has collected earmarked levies namely i.e. transportation fee, laboratory fee and smart class fee from the students but these levies was not charged on 'no profit no loss' basis as the school is either earning surplus or incurring deficit from these levies. During the period under evaluation, school has generated surplus on account of laboratory fee and smart class fee and incurred deficit on transportation fee. Further, the school is not following the fund-based accounting in respect of these earmarked levies collected from the students. Therefore, the school is directed to follow fund based accounting.

III. According to clause (c) of proviso to rule 177 of DSER, 1973, savings, if any from the fees collected by the school, may be utilised by the management of the school for assisting any other educational institution if such other institution is under the same management. However, in FY 2016-17 Rs.3,78,496 and Rs. 6,900 are recoverable from Columbia City School and Columbia Junior School as on 31.03.2017. Since, the school is running in deficit in last three financial

year viz. 2014-15, 2015-16 and 2016-17 therefore, amount so transferred to the above parties has been added to the available fund of the school.

Other Irregularities:

- I. 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 are as follows:

Particulars	2014-15	2015-16	2016-17
Total no. of students in school	1340	1311	1309
Total EWS students	180	179	197
% of EWS students to total no. of students	13.43%	13.65%	15.04%

- 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. School is directed to get actuarial valuation for retirement benefits.
- III. As per Clause 18 of Order No. F.DE. /15 (56) /Act /2009 / 778 dated 11.02.2009, no Caution Money/ Security Deposit of more than Rs. 500 per student shall be charged. The Caution Money, thus collected shall be kept deposited in a schedule bank in the name of concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he /she request for a refund. However, on review of fee refund voucher, it has been observed that interest earned on caution money was not refunded to the students. Therefore, the school should comply with the aforesaid provisions.

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. 9,71,44,375 out of which cash outflow in the year 2017-18 is estimated to be Rs.6,49,04,567. This results in surplus of funds amounting to Rs3,22,39,808. The details are as follows:

(Figures in Rs.)

Particulars	Amount	Remarks
Cash and Bank balances as on 31.03.17 as per Audited Financial Statements	29,40,729	
Add: Investments as on 31.03.17 as per Audited Financial Statements	4,59,90,007	
Add: Recoverable balance from other schools under same management	3,85,396	
Less: Fixed Deposit with Vijaya Bank in the joint name of DDE and Manager Columbia Foundation of School	1,49,578	
Less: Fixed Deposit with Bank in the joint name of Secretary CBSE and Manager Columbia Foundation of School	1,77,023	
Available Funds	4,89,89,531	
Add: Fees of 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)	4,38,56,017	
Add: Other Income of 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)	42,98,827	
Estimated availability of funds for 2017-18	9,71,44,375	
Less: Budgeted expenses for the FY 2017-18 (after making adjustment)	6,49,04,567	
Net Surplus	3,22,39,808	

- 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 Chartered

Accountants that since prima facie there are financial and other irregularities and also funds are available with the school on account of implementation of recommendations of 7th 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 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 7th 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 transferred Rs. 3,78,496 and Rs.6,900 to Columbia City School and Columbia Junior School respectively and the school is directed to recover this amount from the schools. The deposits receipts along with copy of bank statements showing receipt of above mentioned amount is to be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order.


Accordingly, it is hereby conveyed that the proposal of fee increase of **Columbia Foundation Sr. Sec. School, D Block Vikas Puri, New Delhi - 110018 (School Id: 1618245)** 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 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 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 will also be attached.

Non-compliance of the order shall be viewed seriously.

This order 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

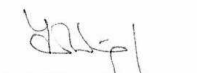
To
 The Manager/ HoS
 Columbia Foundation Sr. Sec. School,
 D Block Vikas Puri, New Delhi - 110018 (School Id: 1618245)

No. F.DE.15(418)/PSB/2018 / 1010-1014

Dated: 05/10/2018

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 (West-B)
5. Guard file.


(YOGESH PRATAP)
 Deputy Director of Education
 (Private School Branch)
 Directorate of Education, GNCT of Delhi