217

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

2449

No. F.DE.15(309)/PSB/2019/ 1580-1584 Dated: 05/04/19

ORDER

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17 Oct 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 2017-2018. Accordingly, vide circular no. 19849-19857 dated 23 Oct 2017 the fee increase proposals were invited from all aforesaid schools till 30 Nov 2017 and this date was further extended to 14 Dec 2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20 Nov 2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14 Nov 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 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others where it has been directed by the Hon'ble Delhi High Court that the Director of Education has to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, The Hon'ble High Court 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 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. 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) read along 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 response to this directorate's circular dated 23 Oct 2017 referred to above **Goodley Public School (School ID-1309197), B/D Block Shalimar Bagh Delhi-110088** proposal for enhancement of fee for the academic session 2017-2018 in the prescribed format including the impact on account of implementation of recommendations of 7th CPC with effect from 1 Jan 2016.

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase in academic session 2017-2018 are justified or not this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase 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 through email. Further school was also provided an opportunity of being heard on 27 July 2018 at 11:00 AM 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 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 thoroughly evaluated by the team of Chartered Accountants and key findings noted are as under:

A. Financial Discrepancies

1. The Manager of the school is not entitled to any payment whatsoever from the school funds. However, from the records submitted by the school and taken on record, it was noticed that the school had paid remuneration to the Manager as under:

Financial Year	Amount Paid (INR)
2013-2014	9,00,000
2014-2015	9,00,000
2015-2016	9,00,000
2016-2017	18,00,000
Total	**45,00,000**

During personal hearing, the school explained that that Mrs. S. Singh was the founder Principal of the school and has now been working full time in the capacity of Manager cum Director. She is academically qualified, having sufficient experience towards educational administration, etc. The school further explained that duties and responsibilities of the Principal have increased substantially and as such, some of the duties and responsibilities of the Principal have been assigned to Manager-cum-Director. Hence, on the basis of these facts, the school believes that the remuneration paid to Manager should be taken as reasonable.

The amount of remuneration paid to the Manager is not allowed as per the provisions of DSEA & R, 1973. Accordingly, the amount of INR 45,00,000 paid to the Manager during FY 2013-2014 to FY 2016-2017 is hereby added to the fund position of the school (enclosed

2451

in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Manager within 30 days from the date of this order. The school is further directed not to pay any amount to the Manager subsequently.

Further, amount of INR 18 lakhs, equivalent to the amount of remuneration paid to the Manager during FY 2016-2017, has been adjusted from the budgeted salary expense for FY 2017-2018 while deriving the fund position of the school (enclosed in the later part of this order).

2. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Hon'ble Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

   On examination of the audited financial statements of the school for FY 2016-2017, it was noted that the school had reported closing balance of Society's balance in its books of account as an advance of INR 3,36,595 as on 31 March 2017, which resulted in diversion of school funds to the society. Thus, the advance amount of INR 3,36,595 paid to the society is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

3. As per direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Accordingly, based on the aforementioned public notice and Hon'ble High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

   It was observed that the school had incurred expenditure on school building, which has been reported as repair and maintenance expenses by the school in its audited financial statements. Details of the expense incurred during FY 2013-14 to FY 2016-2017 are included in table below:

Financial Year	Building Repairs and Maintenance (INR)	School Running and Maintenance (INR)	Total Expenditure (INR)
2013-2014	80,26,772	93,20,963	1,73,47,735

Financial Year	Building Repairs and Maintenance (INR)	School Running and Maintenance (INR)	Total Expenditure (INR)
2014-2015	1,02,83,831	95,21,189	1,98,05,019
2015-2016	1,14,32,445	1,37,97,247	2,52,29,692
2016-2017	80,78,249	68,47,690	1,49,25,939
Total	**3,78,21,297**	**3,94,87,089**	**7,73,08,385**

On examination of the records, it was noted that the school had reported expenses of INR 173.47 lakhs during FY 2013-2014 under the head Repairs and Maintenance consisting of Building Repairs and School Running and Maintenance. This includes INR 171.37 lakhs for building material purchased like marble, tiles, iron rod, cement, bricks, plywood, sun mica, fevicol, paint, etc. Against this only INR 2.10 lakhs was reported as amount paid for labour charges, which comes to only 1.23 percent of the amount incurred on purchase of building material in FY 2013-2014. Similarly, in FY 2014-2015, the amount of building material purchase was INR 197.05 lakhs against which labour charges of only INR 1 lakhs (0.51 percent) were paid. During FY 2015-2016, the amount of building material purchased was INR 240.73 lakhs and labour paid was INR 11.56 lakhs (4.80 percent). Further, supporting documents in relation to FY 2016-2017 were not submitted by the school.

The school management failed to explain as to how the work was done by incurring such a meagre sum on labour expenses. Accordingly, based on above, genuineness of the expenses reported by the school is doubtful. Further, based on the quantum of expenditure incurred, it does not appear to be in the nature of revenue expense. Further, this expenditure on building was done by the school without complying the requirements prescribed in Rule 177 of DSER, 1973.

During personal hearing, the school explained that the school building (two adjacent to each other) were built in the year 1989-1990 by the society. With the passage of time and continuous use of the infrastructure including its buildings by the students numbering- 2,800 (approx.) below the age of 18 years, both the buildings need regular upgradation to make it safe and secure including unnatural events. Accordingly, there was no construction of any type in any of the school building/premises and the expenditure was incurred for major repairs and maintenance during FY 2013-2014 to FY 2016-2017.

On the grounds that reasonability and genuineness of the expenses could not be established, expenses reported by the school in relation to repair and maintenance of the building appear as diversion of school funds. Thus, the amount reported by school as expenses of INR 7,73,08,385 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

Further, in light of above, the expenses budgeted by the school for FY 2017-2018 towards 'repair and maintenance of building' and 'school running and maintenance' have not been considered as part of the budgeted expenses for FY 2017-2018 while deriving the fund position of the school (enclosed in the later part of this order).

2453

4. Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*" Further, according to para 7.14 of the Accounting Standard 15 "*Plan assets comprise:*
   (a) assets held by a long-term employee benefit fund; and
   (b) qualifying insurance policies."

   From the financial statements for FY 2016-2017, it was noted that the school had recorded liability towards Gratuity on estimated basis. Further, the school has not got its liability for retirement benefits valued by an actuary during FY 2016-2017 and subsequently. During personal hearing, the school mentioned that it has not identified any actuary as of now and would get it done and would report the liability in accordance with actuarial valuation in its financial statements for FY 2018-2019.

   It was also noted that the school has not created any liability towards leave encashment in its books of account and its financial statements and has not obtained actuarial valuation against the same.

   Also, the school has not deposited any amount in investments that qualify as 'Plan Assets' in accordance with Accounting Standard 15.

   In absence of actuarial valuation of the liability towards retirement benefits and investments against the same, no amount towards retirement benefits has been considered while deriving the fund position of the school (enclosed in the later part of this order).

   The school is directed to get its liability for retirement benefits (both gratuity and leave encashment) valued by an actuary and record the same as provision in its books of account. Further, the school is directed to invest the amount against the liability for retirement benefits determined by the actuary in investments that qualify as 'plan-assets' in accordance with Accounting Standard 15 within 30 days from the date of this order. Compliance of the same will be verified at the time of evaluation of subsequent fee hike proposal.

5. During the review of Audited Financial Statements for FY 2016-2017 and the documents submitted by the school, it was noted that the school is collecting security from teachers at the time of their appointment. The audited financial statements of FY 2016-2017 reflected that a total amount of security outstanding towards teachers as on 31 Mar 2017 was INR 21,13,594.

   During the personal hearing, the school informed that security is collected by the school in order to ensure that teachers do not leave the school in middle of the academic session and to ensure lower teacher turnover.

   Based on the explanation provided by the school, it is noted that the school is collecting security from teachers at the time of their appointment, which is in contravention of the provisions of DSEA&R, 1973.

2454

Accordingly, the amount of INR 21,13,594 collected by the school as security from teachers is adjusted from the fund position of the school with the direction to the school to refund this amount to the teachers immediately and submit the proof of payment to the Directorate within 30 days from the date of this order. Further, the school is directed to ensure that no amount/ security is collected from the teachers as a precondition to their appointment.

B. Other Discrepancies

1. Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

   Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

   Sub-rule 3 of Rule 177 of DSER, 1973 states "*Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).*" Further, Sub-rule 4 of the said rule states "*The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.*"

   Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

   Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

   From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of Transport Fees from students. However, the school has not maintained separate fund account for this earmarked levy collected from students and the school has been generating surplus from the same, which has been utilised for meeting other expenses of the school. Details of calculation of surplus, based on breakup of expenditure provided by the school for FY 2016-2017 is given below:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus (INR)
Transportation Charges^	57,89,728	52,78,640	5,11,088

^ Expenses include depreciation on vehicles used for transportation of students. Also, school has taken secured loan against Vehicles interest of which is also included in expenses.

The school is directed to maintain separate fund account depicting clearly the amount collected amount utilised and balance amount for earmarked levy collected from students. Unintentional surplus, if any generated from earmarked levy has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school is directed to evaluate costs against earmarked levy and propose the fee structure for earmarked levy during subsequent proposal for enhancement of fee ensuring that transport fee is calculated on no-profit no-loss basis.

2. On examination of the documents on record, it was noted that the school is not following consistent accounting practice in categorising expenses between revenue and capital expenditure. Instances were noted, where the expenditure on capital/ fixed assets were reported as part of repair and maintenance expense by the school including furniture items, fire extinguishers, software, smart board, etc.

   The school mentioned that while computing application of income in case of charitable/ educational societies including school, both revenue as well as capital expenditure excluding depreciation charged on fixed assets are treated as application of income.

   The school is directed to follow correct accounting treatment having regards to requirements of Guidance Note 21 issued by the Institute of Chartered Accountants of India. Further, the school is directed to ensure that the expenses of revenue nature are charged to the Income and Expenditure Account, while expenses of capital nature should be capitalised as Fixed Assets and reported in the Balance Sheet. Compliance of the directions above will be examined at the time of evaluation of proposal for enhancement of fee for subsequent academic session.

3. From the documents submitted by the school, it was observed that the school is irregular in depositing statutory dues of tax deducted at source (TDS) in accordance with the provisions of the Income Tax Act, 1961. Instances (4 out of 12 months) were noted during FY 2016-2017, wherein delay in deposit of TDS was noted. The school mentioned that in future, TDS will be deposited with the Income Tax Department within the prescribed timelines and extra care will be taken in this regard.

   The school is directed to adhere to all statutory compliances including timely payment of statutory dues. Compliance of the same will be verified at the time of evaluation of subsequent fee hike proposal.

4. The school has not prepared Fixed Asset register (FAR) in proper format. The school has only captured the asset name, date and amount in the FAR. The school should also include details such as manufacturer's serial number, location, invoice number, supplier, identification number, depreciation, etc. to facilitate identification of asset and documenting complete details of assets at one place.

   During personal hearing, the school explained that it was following the format recommended by the auditors at the time of inspection and that it will make recommended changes from FY 2018-2019 onwards. Further, the school does not prepare any record for physical verification of assets.

The school is directed to update the FAR with relevant details mentioned above, perform physical verification of assets on periodic basis and document the results of physical verification of assets. Compliance of the same will be verified at the time of evaluation of subsequent fee hike proposal.

5. Para 18 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"schools should follow recognition and measurement principles, within the framework of accrual basis of accounting, for the purpose of preparation of their financial statements."*

   During review of the audited financial statements of the school for FY 2016-2017, it was noted that the school is following hybrid system of accounting whereby incomes are accounted on cash basis and expenses are accounted on accrual basis.

   During personal hearing, the school mentioned that it is following correct accounting principles as prescribed by the accounting standards and interpretations issued by the Institute of Chartered Accountants of India. However, the school could not substantiate its claim based on the financial information reported in the audited financial statements for FY 2016-2017.

   Accordingly, the school is directed to follow accrual basis of accounting in compliance with the Guidance Note cited above. Compliance of the same will be evaluated during the subsequent fee hike proposal.

6. It was noted that the school has not defined any procurement process and has been awarding contracts on discretionary basis to particular contractors without inviting quotations/bids from other parties.

   During personal hearing, the school explained that it is following the procurement process laid down by the Society. However, no such policy/procedure was submitted by the school. Also, no documents regarding the procurement process carried out for awarding the contracts during FY 2016-2017 were submitted by the school.

   The school is directed to implement proper internal control system in relation to procurement of goods and services so as to ensure that contracts are awarded on Arms' length and competitive prices only. Compliance of the same will be verified at the time of evaluation of subsequent fee hike proposal.

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 2017-2018 amounting to INR 23,41,27,504 out of which cash outflow in the year 2017-2018 is estimated to be INR 11,49,22,413. This results in net surplus of INR 11,92,05,091. The details are as follows:

2457

Particulars	Amount (INR)
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	1,98,01,538
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	2,36,55,017
Total Liquid Funds Available with the School as on 31 Mar 2017	**4,34,56,555**
Add: Estimated Fees and other incomes for FY 2017-2018 based on audited financial statements of FY 2016-2017 of the school [Refer Note 1]	11,11,51,944
Add: Recovery of amount paid to the Manager during FY 2013-2014 to 2016-2017 [Refer Financial finding No. 1]	45,00,000
Add: Recovery of amount receivable from the society [Refer Financial Finding No. 2]	3,36,595
Add: Recovery of repair cost reported by the school, genuineness of which could not be established [Refer Financial Finding No. 3]	7,73,08,385
Gross Estimated Available Funds for FY 2017-2018	**23,67,53,478**
Less: FDR submitted with CBSE (as per audited financial statements of FY 2016-2017)	5,26,334
Less: Staff Retirement Benefits [Refer Financial Finding No. 4]	-
Less: Refund of security collected from teacher (as per audited financial statements of FY 2016-2017) [Refer Financial Finding No. 5]	21,13,594
Net Estimated Available Funds for FY 2017-2018	**23,41,27,504**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 2]	9,14,91,806
Less: Arrears of salary from January 2016 onwards on account of implementation of 7th CPC [Refer Note 2]	2,34,30,607
Estimated Surplus	**11,92,05,091**

Notes:

1. Fee and income as per audited financial statements of FY 2016-2017 has been considered with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY 2017-2018.
2. Per the Budgeted Receipt and Payment Account for FY 2017-2018 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2017-2018 as INR 14,67,74,318 (Including arrears of 7th CPC of INR 2,44,30,617 that are considered separately), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expense heads as budgeted were considered even though certain expenditures were increased substantially by the school as compared to FY 2016-2017. However, during review of budgeted expenses, certain discrepancies were noted, based on which expenses have been adjusted while considering the budgeted expenses for FY 2017-2018. The same were discussed during personal hearing with the school.

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Salary Arrears/ Increase in salary due to implementation	-	2,44,30,617	2,34,30,607	10,00,010	Based on the calculation of 7th CPC arrears submitted the school, the

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
of 7th Pay Commission					amount of arrears have been considered.
Staff Salaries	6,36,13,835	6,98,72,700	6,80,72,700	18,00,000	Refer Financial Finding No. 1
PF	23,71,006	32,84,100	22,36,351	10,47,749	The school submitted summary of actual expenses incurred during FY 2017-2018, based on which expenses have been allowed.
Staff Welfare Expense	1,92,163	5,60,000	1,40,137	4,19,863	
Uniform Expense	40,300	48,200	47,496	704	
Lab. Expenses	4,82,321	5,58,800	8,46,800	(2,88,000)	
Student Welfare	1,29,800	1,54,900	92,426	62,474	
Sports Tournament Expenses	5,54,291	8,36,800	6,70,195	1,66,605	
Books and Periodicals	-	1,00,500	35,106	65,394	
Tuition Fees(Refunded)	-	9,11,100	3,42,605	5,68,495	
Function & Festivals	10,25,695	14,27,600	13,04,851	1,22,749	
Insurance (Bus)	1,68,519	1,94,000	4,12,568	(2,18,568)	
Printing & Stationary	11,64,752	14,05,700	7,11,504	6,94,196	
White Wash Building	-	9,13,000	20,00,386	(10,87,386)	
Generator	23,409	28,100	46,180	(18,080)	
Caution Money	85,500	1,02,900	91,000	11,900	
Subscription (Action Comm.)	10,000	13,500	75,000	(61,500)	
Teacher Workshop	58,400	16,25,000	-	16,25,000	
Seminar Expense	-	15,00,000	-	15,00,000	
Scholarship	-	1,00,000	-	1,00,000	
Repair & Maintenance-Building	80,78,249	75,07,100	-	75,07,100	Refer Financial Finding No. 3
School Running & Maintenance	68,47,690	43,33,200	-	43,33,200	
Renovation of Nursery Building	-	1,25,00,000	-	1,25,00,000	The school had planned capital expenditure on renovation of Nursery Building without compliance of requirements of Rule 177 of DSER, 1973.

2459

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
					Thus, this has not been considered.
Total	8,48,45,930	13,24,07,817	10,05,55,912	3,18,51,905	

In view of the above examination it is evident that the school does have sufficient funds for meeting the budgeted expenditure for the financial year 2017-2018.

ii. The directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states *"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."* The school has sufficient funds to carry on the operation of the school for the academic session 2017-2018 on the basis of existing fees structure and after considering existing funds/reserves.

As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. However, the school has given an advance for the previous year of INR 3,36,595 to the Society. Thus, the school is directed to recover these amounts from Society.

And whereas per point no. 22 of Order No. F.DE./15 (56)/Act/2009/778 dated 11 Feb 2009, user charges should be collected at 'no profit and no loss' basis and should be used only for the purpose for which these are collected. The school is directed to maintain separate fund account depicting clearly the amount collected amount utilised and balance amount for transport fund. Unintentional surplus, if any generated from earmarked levy has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school is directed to evaluate costs against earmarked levy and propose the fee structure for earmarked levy during subsequent proposal for enhancement of fee ensuring that transport fee is calculated on no-profit no-loss basis.

And whereas Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses." Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

(a) assets held by a long-term employee benefit fund; and

(b) qualifying insurance policies.

The school is directed to get its liability for retirement benefits valued by an actuary and record the same as provision in its books of account. Further, the school is directed to invest the amount against the liability for retirement benefits so determined by the actuary in

2460

investments that qualify as 'plan-assets' in accordance with Accounting Standard 15 within 30 days from the date of this order.

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 along with certain financial irregularities that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings which were also noted (appropriate instructions against which have been given in this order), the funds available with the school for implementation of recommendations of 7th CPC and to carry out its operations for the academic session 2017-2018 are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

And whereas recommendations of the team of Chartered Accountants along with relevant materials were put before Director of Education for consideration and who after considering all material on record has found that the school has sufficient funds for meeting the financial implications of 7th CPC salary and other expenses for the financial year 2017-2018. Therefore Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2017-2018.

Accordingly it is hereby conveyed that the proposal of enhancement of fee for session 2017-2018 of **Goodley Public School (School ID-1309197), B/D Block Shalimar Bagh Delhi-110088** has been rejected by the Director of Education. Further the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2017-2018. In case, the school has already charged increased fee during FY 2017-2018, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

2. Not to collect same fee from students after they are promoted to higher class as the existing fee structure for that class will be applicable.

3. To communicate with the parents through its website notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.

4. To rectify the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).

5. 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.

6. 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.

2461

7. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act 1973 and Delhi School Education Rules 1973.

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
Goodley Public School
School ID-1309197,
B/D Block Shalimar Bagh
Delhi-110088

No. F.DE.15(309)/PSB/2019/ 1580-1584

Dated: 05/04/19

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 Spl. 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