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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. NO. F.DE.15(212) / PSB / 2019 / 1295 – 1299 Dated: 29.3.2019

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, **D.A.V. PUBLIC SCHOOL, (School ID-1411186), Ashok Vihar, Delhi-110052** submitted its 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.

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 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 22 June 2018 at 10:00 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. As a practice adopted by the schools under the management of DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance, which is transferred to DAV CMC. DAV CMC in turn manages and maintains the common pool of funds for all schools under its management and uses the same for payment of gratuity and leave encashment liability as and when the same arises in respect of the staff of respective school at the time of his/her resignation/ retirement.

   The school was directed by DoE through its Order no. F.DE-15/Act-I/WPC-4109/Part/13/902-906 dated 26 September 2017 to obtain an actuarial valuation of its gratuity and leave encashment liabilities. Further, the school was directed to disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in the financial statements from FY 2017-2018 onwards. The school is yet to obtain an actuarial certificate regarding its liability towards retirement benefits of the staff and has continued to maintain the investments with DAV CMC.

   Based on discussion with the school during personal hearing, the school provided details of fund balance with DAV CMC in respect of payments made by the school to DAV CMC towards maintenance of retirement benefits fund with DAV CMC including interest accrued for last two years. The balances disclosed by the school based on records maintained by DAV CMC as on 31 Mar 2017 have been indicated below:

Head	Balance as on 31 Mar 2017 (INR)
Gratuity Fund	2,01,52,512
Leave Encashment Fund	1,05,34,915
Total	**3,06,87,427**

Further, according to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*Plan assets comprise:*

(a) assets held by a long-term employee benefit fund; and
(b) qualifying insurance policies."

Accordingly, the investment in the form of fund balance maintained by DAV CMC in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15).

The school mentioned that DAV CMC is in the process of getting the actuarial valuation of retirement benefits of staff of all the schools under its management and the selection process of the actuary has been completed by DAV CMC for carrying out the valuation. It was further explained that the valuation exercise has been initiated for all school under the management of DAV CMC, thus, it has taken more time than expected in collecting the staff data from schools across India, verifying the same and submitting it to the Actuary for valuation. The school further mentioned that the liability as per actuarial valuation would be presented in the financial statements of the school for FY 2018-2019 along with investment in plan-assets as per the requirements of AS-15.

While the school has initiated the process of actuarial valuation, the school should get the valuation of its liability towards staff retirement benefits from an actuary at the earliest and ensure that the liability and corresponding investments are disclosed appropriately in its financial statements for FY 2018-2019. The school should also invest the amount of funds available with DAV CMC towards retirement benefits of the staff of the school in the investments that qualify as 'Plan Assets' within 30 days from the date of this order.

In absence of actuarial valuation, expenditure towards gratuity and leave encashment budgeted by the school during FY 2017-2018 have been restricted to the amount of actual pay-out of the same to the staff upon retirement during FY 2017-2018 (as per ledger account submitted by the school) and adjusted from the budgeted expenses of FY 2017-2018 while deriving the fund position of the school (enclosed in the later part of this order).

2. 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's 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.

The financial statements of the school for FY 2015-2016 and FY 2016-2017 revealed that the school has incurred expenditure on construction of building out of school funds and has capitalised building totalling to INR 31,18,932 in the aforesaid financial years, which is not in accordance with the aforementioned provisions. Further, this capital expenditure was incurred on the building without complying the requirements prescribed in Rule 177 of DSER, 1973. Though the financial statements of the school reflect opening block of building, adjustment in the fund position of the school has been done to the extent of additions made in the past three financial years (based of financial statements obtained for evaluation of the fee increase proposal for FY 2017-2018). Accordingly, this amount of INR 31,18,932 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.

B. Other Discrepancies

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

   Further clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

   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.*"

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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, computer fee, smart board fee, science fees, home science fee, insurance, etc. from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies that has been utilised for meeting other expenses of the school, which was also mentioned in Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/902-906 dated 26 September 2017. 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)
Computer Fees and Smart Board Fee#	32,62,450	10,22,423	22,40,027
Science fees and Home Science Fee (Practical) #	15,03,750	1,24,942	13,78,808
Transport Fee^	26,80,600	26,45,874	34,726
IT fees	4,93,800	*-	4,93,800
I card	7,40,700	*-	7,40,700
Insurance	2,55,200	*-	2,55,200

The school has not maintained separate details regarding 'Computer Fees' and 'Smart Board Fee', rather it has combined these together for deriving surplus/deficit

* School has not provided details/breakup of expenses incurred against these earmarked levies.

^ The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

On the basis of aforementioned orders, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging IT fees, I card fees and Insurance from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on explanation of the school regarding the nature of the IT fees, I card and Insurance, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and annual charges, as applicable collected from the students. The school explained that tuition fee collected from students is not sufficient to meet the establishment cost and annual charges are also not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost/revenue expenditure on account of which fund balance of earmarked levies could not separated from the total funds maintained by the school. Accordingly, total fees (including earmarked fee) have been included in the budgeted income and budgeted expenses (included those for earmarked purposes) while deriving the fund position of the school (enclosed in the later part of this order).

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges

- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order ......*"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

It was noted that the school's fee structure include pupil fund, which is collected from all the students and based on details submitted by the school, it has been utilised towards varied expenses of the school including function expenses, art & craft and repairs and maintenance. Details of collection and utilization of pupil fund provided by the school for FY 2016-2017 is included hereunder:

Particulars	Nature	Amount (INR)
Pupil Fund	Income	38,48,950
Function Expenses	Expense	33,60,595
Art & Craft	Expense	2,94,776
Repairs and Maintenance	Expense	31,01,565
Net Deficit reflected by school		**(29,07,986)**

Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students, the school is directed not to collect pupil fund from students with immediate effect. For the purpose of evaluation of the fee hike proposal for FY 2017-2018, the above-mentioned fee has been included in budgeted income while deriving the fund position of the school (enclosed in the later part of this order).

3. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school transferred an amount equivalent to the purchase cost of the assets from development fund to general reserve instead of accounting treatment as indicated in the guidance note cited above.

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Also, the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statement for FY 2016-2017 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve.

This being a procedural finding, the school is instructed to make necessary rectification entries relating to development fund to comply with the accounting treatment indicated in the Guidance Note. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/ fund.

Further, in accordance with Clause 14 of DoE's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11 Feb 2009 states "*Development fee, not exceeding 15% .... and the collection under this head along with income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.*" and DoE's order F. DE-15/ACT-I/WPC-4109/PART/13/902-906 dated 26 September 2017, the school was directed to maintain development fund in a separate bank account and treat development fund as capital receipts. The school has started capitalising the development fund from FY 2016-2017. In terms of presentation of the movement of development fund in the financial statements, it was noted that net development fund (development fee received minus expenses incurred against the same) was reflected in the schedule of Development fund instead of reflecting receipt and expenses separately.

Further, the school has not maintained separate bank for the development fund. The school explained that it will open a separate bank account in FY 2018-2019 for deposit and utilisation of development fund. Thus, the school is directed to open a separate bank account for deposit and utilisation of development fund and ensure that both receipt and expenses against development fund are reflected in the financial statements. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

4. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

   Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the 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 requests for refund.*"

   The following were noted under DoE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/902-906 dated 26 September 2017:

- School had not maintained separate bank account for deposit of caution money collected and was directed to maintain separate bank account for collection of caution money and interest earned on the same, if any, is to be credited to the caution money account.
- School had not refunded interest on caution money along with refund of caution money to exiting students and was instructed to include interest earned on caution money in the refund amount.
- School had not treated un-claimed caution money as income in the next financial year after the expiry of 30 days from the date of communication to ex-students to collect the same, which should have been done.

During the personal hearing, school mentioned that it has stopped collecting caution money from students from FY 2017-2018 onwards. Also, the school has started adjusting the caution money already collected from old students against the fee due in FY 2018-2019. Thus, based on the explanation provided by the school, estimated liability towards students of INR 10,75,000, as declared by the school, has been considered while deriving the fund position of the school (enclosed in the later part of this order).

5. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, date and amount. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

   During the personal hearing, school mentioned that it will make the recommended changes in the FAR from FY 2018-2019 onwards. The school is directed to update the FAR with relevant details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

6. Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the opening balance of General/ capital fund indicated in the audited financial statements of FY 2016-2017 was different than the closing balance of General/capital fund reported in the audited financial statements of FY 2015-2016. During personal hearing, the school explained that on account of prior year adjustments regarding creation of development fund and depreciation reserve, certain adjustments were made in the General/capital fund of the school, which, however, did not have any impact on the financial position of the school.

   The school is directed to ensure that closing balances reported in the audited financial statements are carried over to the subsequent financial statements as it is. In case, any restatement is required, the same should be clearly explained in the Notes to Account annexed to the financial statements with calculations of reinstated balance reconciling the reinstated balance with the figure reported in the previous year's audited financial statement.

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The school should submit a reconciliation of the difference noted in the closing and opening balance above along with its subsequent proposal for fee increase to the Directorate.

The above being a presentation/procedural finding, no financial impact is warranted for deriving the fund position of the school.

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 9,61,61,264 out of which cash outflow in the year 2017-2018 is estimated to be INR 11,71,81,877. This results in net deficit of INR 2,10,20,613. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	3,94,137
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	2,60,433
Total Liquid Funds Available with the School as on 31 Mar 2017	**6,54,570**
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]	10,11,12,382
Add: Net fee arrears for FY 2016-2017 to be collected by the school on account of fee increase approved by DoE [Refer Note 2]	8,01,898
Add: Recovery towards additions to Building from the Society [Refer financial finding no. 2]	31,18,932
Gross Estimated Available Funds for FY 2017-2018	**10,56,87,782**
Less: FDR submitted with DoE (as per audited financial statements of FY 2016-2017)	2,60,433
Less: Caution Money (Net of transfer to income in FY 2017-2018) [Refer other finding no. 4]	10,75,000
Less: Development Fund balance as on 31 Mar 2017 (as per audited financial statements of FY 2016-2017)	81,91,085
Less: Depreciation Reserve Fund [Refer note 3]	-
Net Estimated Available Funds for FY 2017-2018	**9,61,61,264**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 4]	11,71,81,877
Estimated Deficit	**2,10,20,613**

Notes:

1. Fee and income as per audited financial statements of FY 2016-2017 have been considered with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY 2017-2018 along with the fee increase of 5% approved by the Directorate, but after adjustment of INR 20,93,776 already collected by the school towards fee increase during April to July 2016.
2. The school had increased fee by 10% during April to July 2016 without prior approval of the Directorate amounting to INR 20,93,776. Whereas, post evaluation of fee increase proposal for FY

2016-2017 submitted by the school, the school was allowed to increase its fee by 5% vide Order No. F.DE-15/ACT-I/WPC-4109/PART/13/902-906 dated 26 September 2017. Based on the information provided by the school and fee increase approved by the Directorate, the school collected an amount of INR 8,01,898 during FY 2017-2018 after adjusting the increased fee already collected during FY 2016-2017. This amount of INR 8,01,898 has been added to the available funds, as this relates to additional fee collected by the school during FY 2017-2018, which was not included in the income of FY 2016-2017 (as per audited financial statements).

3. On evaluation of depreciation reserve, it was noted that the school had charged depreciation on fixed assets and had transferred the same to depreciation reserve on liabilities side of the Balance Sheet of the school. Also, the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment. Though development fund maintained by the school has been adjusted for deriving the fund position of the school as per the audited financial statements, depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, it is not considered in table above.

4. 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 of INR 12,82,30,532, 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. However, during review of budgeted expenses, discrepancies were noted in some of the expense heads, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2017-2018:

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Staff Payment and benefits separately for Teaching & Non-Teaching Staff	6,78,56,279	8,94,28,004	8,79,28,004	15,00,000	Based on the computation of salary provided by the school for implementing 7th CPC, this amount has been considered.
Employee welfare including retirement benefits	1,22,71,274	1,51,06,619	88,12,109	62,94,510	Refer Financial Finding No. 1
Administrative Charges #	9,82,182	45,55,803	13,01,658	32,54,145	Refer # below
Total	**8,11,09,735**	**10,90,90,426**	**9,80,41,771**	**1,10,48,655**	

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the school budgeted administrative charges payable to DAV CMC at the rate of 7% of basic pay (against 4% charged previously) on account of implementation of pay scales recommended by 7th Central Pay Commission (CPC) for the staff at DAV CMC. Considering that the basic salary of the staff at school has also increased substantially on account of implementation of 7th CPC during FY 2017-2018, administrative charges have been allowed @ 2% of basic salary, which results in a 32.53% increase in the amount (compared with FY 2016-2017) and should be sufficient to absorb the impact of increased cost at DAV CMC.

ii. It seems that the school may not be able to meet its budgeted expenses from the existing fee structure and accordingly, it should utilise its existing funds/reserves and other resources. In this regard, Directorate of Education has already issued directions to the schools vide circular no. 1978 dated 16 Apr 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 findings noted (appropriate instructions 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 materials were put before Director of Education for consideration and who after considering all material on record has found it appropriate to allow increase in tuition fee by 15% with effect from April 2019.

Accordingly, it is hereby conveyed that the proposal of enhancement of fee of **D.A.V. PUBLIC SCHOOL, (School ID-1411186), Ashok Vihar, Delhi-110052** has been accepted by the Director of Education with effect from April 2019 and the school is hereby allowed to increase tuition fee by 15%. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. To increase the tuition fees only by the prescribed percentage from the specified date.
2. To rectify the financial and other irregularities as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).
3. To ensure implementation of recommendations of 7th CPC in accordance with Directorate's order dated 25 Aug 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.

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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.

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 has to be read in continuation to this Directorate's order No. F.DE-15/Act-I/WPC-4109/Part/13/902-906 dated 26 September 2017 issued to the School.

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
D.A.V. PUBLIC SCHOOL
School ID 1411186
Ashok Vihar, Phase IV, Delhi-110052

No. F.DE.15(212) / PSB / 2019 / 1295 - 1299 Dated: 29.3.2019.

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