

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

No. F.DE.15 (23)/PSB/2020/ 1671- 1676

Dated: 23/02/2020

Order

WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the Delhi School Education Act, 1973 (hereinafter read as '**the Act**') with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as '**the Rules**').

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973, responsibility has been conferred upon the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The Section 18(5) and Section 24(1) of the Act and Rule 180 (3) have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Directorate of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School Vs. Union of India and others in Para 27 and 28 in case of Private unaided Schools situated on the land allotted by DDA at concessional rates that:

"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 High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the Director of Education 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/ land owing agencies.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the their proposals, if any, for prior sanction for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of this Directorate **Darbari Lal DAV Model School, ND – Block, Pitampura, New Delhi – 110088 (School Id: 1411228)** had submitted the proposal for fee increase for the academic session 2019-20. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the said school for the academic session **2019-20**.

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, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 21 October 2019 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. During the aforesaid hearing compliances against order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants and the key findings noted are as under:

A. Financial Discrepancies

1. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/99/23033/23980 dated 15.12.1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme

Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

Further, Rule 177 of DSER, 1973 states that income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be arrived at after providing for the following, namely:

- a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;
- b) The needed expansion of the school or any expenditure of a developmental nature;
- c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;
- d) Co-curricular activities of the students;
- e) Reasonable reserve fund, not being less than ten percent, of such savings.

However, as per audited financial statements of the school for FY 2018-19 there was a receivable balance (of Reserve Fund) of Rs. 104,08,967 from DAV CMC (Society). The similar observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 wherein the audited financial statements of the school for FY 2016-2017 reflected a receivable balance (of Reserve Fund) of Rs. 82,62,973 from DAV CMC (Society), which had been carried over from previous financial year. From the ledger account submitted by the school, it was observed that interest of two financial years (Rs. 6,61,038 for FY 2016-2017 and Rs. 7,13,921 for FY 2017-2018) were credited to the school, which was calculated at the rate of 8% per annum compounded annually.

As per reply submitted by the school, the above reserve fund was related to amount transferred to Society for assisting needy schools. The fund is transferred to DAV CMC (Society) and not directly to any school so that Society can control and monitor its proper utilization, by the school receiving fund and the Hon'ble Supreme Court in the judgement of Modern School, had allowed schools to retain reasonable surplus as profit as mentioned in Rule 177. The amount transferred to Society is not written off to General Reserve with a view to keep trade of funds provided by each school. As such the outstanding amount in 'Reserve Fund with DAVCMC' is not refundable and accordingly we have not considered the same as part of funds in our reworked fund position.

Thus, from the above reply it appears that the school have been transferring funds to the society regularly for many years in contravention of order No. DE 15/Act/Duggal.com/203/99/23033/23980 dated 15.12.1999 which was subsequently

upheld by the Hon'ble Supreme Court through its judgement on a review petition in 2009 and without complying the provisions of Rules 177 completely.

Thus, Rs. 104,08,967 recoverable from the society as on 31.3.19 as per the financial statements of the school is not in accordance with the aforesaid provisions. Accordingly, it has been included in the calculation of available fund with the school and directed to the school to recover this amount from the society and submit the compliance report within 30 days from the date of issue of this order.

Additionally, the financial statements of FY 2018-19 reflect Rs. 10,00,000 recoverable from other DAV Institutions (Other than DAV CMC as mentioned above) which is also a contravention of the aforesaid provisions. Hence, it has also been included in the calculation of fund position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

2. As per Order no. F.DE-15/WPC-4109/Part/13/7914-7923 dated 16 Apr 2016 regarding fee increase proposals for FY 2016-2017, "*.... the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*" Based on the details submitted by the school, it has noted that the school had increased fee by 10% during first quarter of FY 2016-2017 without prior approval from the Directorate. This observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 and was directed to school to refund/adjusted the increase fee and submit the compliance report within 30 days from the issue of this order. Based on the information provided by the school, the school had collected an additional fee of RS. 87,93,398 on account of increased fee in FY 2016-2017 out of which Rs. 64,35,315 has been adjusted against the fee receivable from the students in FY 2017-2018 and the remaining amount of Rs. 23,58,083 is still pending for refund/ adjustment. During the personal hearing the school has submitted that the balance amount of Rs. 23,58,083 collected during the financial year 2016-17 will be refunded/ adjusted in the subsequent quarter. Therefore, school submission has been taken on record and shall be verified at the time of evaluation of next year's fee proposal.
3. 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. During hearing, the school has taken actuarial valuation for gratuity and leave encashment as at 31.03.2019 but has not make any investments in the 'Plan Assets' as defined in AS-15 issued by the Institute of Chartered Accountants of India (ICAI). 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). As per the actuarial valuation report total liability towards gratuity and leave encashment as on 31.03.2019 is Rs. 17,28,06,992 and Rs. 2,42,25,372 respectively. Additionally, the school has proposed Rs. 1,10,25,378 towards gratuity and Rs. 47,25,272 towards leave encashment for the FY 2019-20. Since the school has not deposited any amount in the plan assets in accordance with AS-15 issued by ICAI. Therefore, these provisions towards gratuity and leave encashment have not been considered while deriving the fund position of the school.

However, as per details provided by the school the amount for gratuity and leave encashment paid till 31.01.2020 amounting to Rs. 82,26,796 and Rs. 7,63,662 respectively to the retiring employees have been considered in the calculation of available fund of the school. It has also been submitted by the school that 5 more staffs will get retired by 31.03.2020 which has not been considered in the calculation of available fund of the school due no-submission of payment details for these employees.

The similar observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 and Order no. F.DE-15/Act-I/WPC-4109/Part/13/959 dated 13 October 2017 and school was directed to obtain an actuarial valuation of its gratuity and leave encashment liabilities and to disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in the financial statements from FY 2017-2018 onwards which has been partially complied by the school.

4. 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 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.

The financial statements of the school FY 2017-18 and 2018-19 reflects Rs. 41,76,854 (except expenditure incurred for Rain water harvesting plant) and Rs. 22,13,725

capitalised under the head of building in contravention of the above-mentioned provisions.

The similar observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 that school has incurred expenditure on construction of building out of school funds and has capitalised building totalling to RS. 6,25,904 in FY 2014-15 which is not in accordance with the aforementioned provisions. Against which school has submitted that Rs. 6,25,964 was not towards any addition to Building in fact it was for replacement of existing class room doors and main gate which had lived its life. And this was capitalised because their statutory auditor insisted owing to large amount.

Since, in the books of accounts, the said amount has been capitalised under the head building which has been further verified and certified by the statutory auditor of the school and accordingly, submission of the school is not correct. During personal hearing, the school submitted that it has not recovered this amount from the society till date. Accordingly, school is once again directed to recover the aforesaid amount the society within 30 days from the issued this order. Accordingly, Rs. 70,16,483 has been included in the calculation of available funds of the school.

5. On review of audited financial statements of the school and further, discussion with the school during personal hearing, the school explained that administration charges are paid to DAV CMC at the rate of 4% of the basic salary paid by the school to its staff till 2016-17. From FY 2017-18, the DAVCMC has started to charge from school administrative charges @7% of the basic salary. The similar observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 and it was directed to the school to not charge administrative charges @7% of the basic pay.

However, based on the details provided by the school and expenditure included in the audited financial statements of FY 2016-2017, it was noted that the school has provided administration charges @ 4.38% of basic salary and grade pay, which resulted in excess expenditure of RS. 6,11,167 recorded in FY 2016-2017. This amount of Rs. 6,11,167 is hereby added to the fund position of the school) considering the same as funds available with the school. But instead of the reducing the administrative charges to 2% as per the direction of DoE, the school increased to 7% of basic pay in FY 2017-18 and 2018-19 and has paid Rs.35,00,924 and Rs. 56,94,127 respectively to the society. Thus, the amount in excess of 2%, paid by the school towards administrative charges is recoverable from the society and accordingly it has been included in the calculation of fund position to the school.

Accordingly, the budgeted administrative charges @7% of basic pay amounting to Rs.1,19,65,200 for the FY 2019-20 has been restricted to 2% of the basic pay. Therefore, Rs. 85,46,500 has not been considered while deriving the available fund of the school. Further, the school is also directed to recover the excess amount paid to the DAV CMC within 30 days from the date of issue of this order.



B. Other Discrepancies

1. As per 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."* And as per 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."* And as per 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."*

Further, Rule 176 of DSER, 1973 provides that *"Income derived from collections for specific purposes shall be spent only for such purpose"* and as per Sub-rule 3 of Rule 177 of DSER, 1973 *"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."*

However, it has been noted that the school charges earmarked levies in the form of Transport Fees, Science Fees, Computer Fees, IT Fees, 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, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income.

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). However, school has not been following fund based accounting in accordance with the principles laid down by aforesaid Guidance Note.

The similar observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 and it was directed to the school 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. During hearing school has submitted to comply with the aforesaid directions. It was also submitted that at times, they have been used to meet shortfall in Tuition Fee vis-à-vis Establishment cost as Tuition Fee is not sufficient and thus, utilised the earmarked levies for meeting the shortfall.

As the school has not complied with the directions issued in the previous order. Therefore, the school is once again directed to comply with direction of the Department and submit the compliance report within 30 days from the date of issue of this order.

2. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, the recognised private unaided school can collect following fees from the students/ parents:
- 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 includes pupil fund, which is collected from all students and based on details submitted by the school, it has been utilised towards varied expenses of the school including co-curricular, repairs and maintenance, printing and stationery, etc. The similar observation was also noted in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 and it was directed to school to not collect pupil fund from students with immediate effect. The school has submitted that the Pupil Fund is maintained as per rule 171 framed under DSEA & R, 1973 and these funds are specifically used for the purpose for which these are collected and is regulated as per the provision of the said rule. The school failed to understand the directions of the department and that as per order dated 15.12.1999 school cannot charge the fee other than prescribed heads of fee. Therefore, school is once again directed to stop the collection of pupil fund from students immediately.

Further, for the purpose of evaluation of the fee hike proposal for FY 2019-20, the above-mentioned fee has been included in the income of the school while deriving the fund position.

3. As per Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures 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 Reserve Fund, equivalent to the depreciation 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."*

Further, as per Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India *"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."*

However, in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 and it was noted that the school had purchased buses for Rs. 56,00,000 during FY 2016-2017 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-2017, which is not in accordance with the direction included in above order. Also, vide order No. F. DE-15/ACT-IWPC-4109/PART/13/959 dated 13.08.2017 school was directed to maintain development fund in a separate bank account.

Further, it was noted that the school is yet to open a bank account for development fund and on review of the audited financial statements for FY 2016-2017, it was noted that the school has fixed deposits with bank amounting to Rs. 4,75,79,444. However, the school has not earmarked any fixed deposits against development fund to ensure availability of funds at the time of incurring capital expenditure on furniture, fixture and equipment and has not apportioned interest to development fund account earned from the investments made out of it.

Regarding compliance of para 99 of Guidance Note, 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.

During hearing the school has accepted to rectify these discrepancies and thus, school submissions have been taken on record and the same shall be examined at the time of evaluation of fee proposal of the next academic session.

4. As per 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 RS. 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."

From the information provided by the school and taken on record, the school has not segregated the fund balance pertaining to caution money (i.e. no separate bank account or fixed deposits) and has not credited interest to the caution money ledger account for refund to students at the time of their leaving. Caution money was refunded to the students @ Rs. 500 i.e. without including any interest. During hearing the school has submitted that it has stopped collecting Caution Money from Financial Year 2018-2019. The amount outstanding in Caution Money account shall be refunded/adjusted against fee due from students in subsequent quarters. The school statements has been taken on record and it shall be verified at the time of evaluation of next year's fee proposal of the school. The school is directed to refund/ adjust the caution money payable to the concerned students and to consider the un-refundable caution money as income of the school.

5. In order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 school was directed to maintain the fixed assets register which should include details such as supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. During hearing the school has submitted that it has started compiling Fixed Assets Register in the prescribed format. School was asked to present the same for verification, but it failed to produce any document in compliance. School is once again directed to prepare the fixed assets register in the prescribed format and make it available for verification at the time of evaluation of next year 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 FY 2019-20 amounting to Rs. **46,38,35,039** out of which cash outflow in the FY 2019-20 is estimated to be Rs. **37,59,77,758**. This results in net balance of Surplus amounting to Rs. **8,78,57,281** for FY 2019-20 after all payments. The details are as follows:

Particulars	(Amount in Rs.)
Cash and Bank balances as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	Amount (65,71,239)
Investments (Fixed Deposits) as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	10,46,11,721
Current Account Balance with DAV CMC as on 31.03.2019 (as per audited Financial Statements of FY 2018-19)	48,56,294
Current Account Balance with Schools/ Colleges as on 31.03.2019 (as per audited Financial Statements of FY 2018-19)	6,97,94,911
Add: Capital fund/ Reserve fund of schools/ colleges with DAV CMC in the books of Schools/ Colleges (as per audited financial statements of FY 2018-19)	1,04,08,967
Add: Recovery of additions to building reflected in financial statement for FY 2014-15 from the Society (as per Order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018)	6,25,904
Add: Balance of Loan given by School to Other DAV Institutions as on 31.03.2019 (Other than DAV CMC) (as per audited financial statements for FY 31.03.2019) (as per financial discrepancies 1 mentioned above)	10,00,000
Add: Recovery of amount spent for building in FY 2017-18 and FY 2018-19 to be recovered from the Society (except incurred for Rainwater Harvesting)	63,90,579
Add: Recovery of excess administration charges from DAV CMC (for FY 2017-18 and 2018-19) (Refer Note 1 below)	91,95,051
Less: Development Fund (as per audited financial statements for FY 2018-19)	4,91,68,641
Less: Fixed Deposits in the joint name of Secretary, CBSE and Manger, School (as per School's submission)	12,30,430
Less: Fixed Deposits against Scholarship fund (as per school's submission)	25,110
Less: Caution Money as on 31.03.2019 (as per audited financial statements of FY 2018-19)	32,37,500
Less: Refund of excess fee collected by the school during FY 2016-17 adjusted in FY 2017-18 (as per school's submission)	23,58,083
Available funds	14,42,92,425
Fees for 2018-19 as per audited Financial Statements	29,30,15,534
Other income for 2018-19 as per audited Financial Statements	2,65,27,080
Estimated availability of funds for 2019-20	46,38,35,039
Total cash outflow (Revenue Expenditure + Capital Expenditure - Depreciation) (Refer note 2 below)	35,35,20,858
Less: Arrears of salary as per 7th CPC (as per budgeted expenditure submitted by the school)	2,24,56,900
Cash Surplus/ (Deficit)	8,78,57,281

Note 1: As per order for session for FY 2017-18, school was directed not to charge more than 2% of basic salary as administrative charges. However, school has charged administrative charges @7% of basic pay for FY 2017-18 and 2018-19 and accordingly, school is directed to recover the excess administrative charges paid. The details are as follows:

Particulars	(Amount in Rs.)	
	2017-18	2018-19
Basic Pay	6,00,26,175	15,16,29,206
Grade Pay	99,92,295	-
Total		
Applied Rate	7,00,18,470	15,16,29,206
Administrative charges (as per applied rate) (A)	7%	7%
VII arrear Apr17 to Jun17 (School submission)	49,01,293	1,06,14,044
VII arrear Jul17 to feb18 (School submission)	3,50,054	-
Total Administrative charges (charged)	9,83,370	12,71,278
Allowable rate	62,34,717	1,18,85,322
Administrative charges (as per allowable rate) (B)	2%	2%
Difference (A-B)	14,00,369	30,32,584
Less: Administrative charges payable (as per audited financial statements)	48,34,348	88,52,738
Balance recoverable from Society	13,33,424	31,58,611
	35,00,924	56,94,127

Note 2: As per financial observation no. 3, the school has not deposited any amount to LIC or similar agency towards gratuity and leave encashment despite being instructed several times by the department. As per school's submission, during FY 2019-20 school had paid gratuity and leave encashment (till 31.01.2020) amounting to Rs. 82,26,796 and Rs. 7,63,662 respectively to the retiring employees of the school and thus, only the actual pay-out of gratuity and leave encashment has been considered while deriving fund position of the school. It was also submitted by the school that 5 more staffs will get retired by 31.03.2020 but has not submitted details of expected pay-out to them and thus, no amount has been deducted on that account while deriving the fund position of the school. However, since sufficient funds are available with the school therefore gratuity and leave encashment can be easily made to the retiring staff from the available surplus.

- ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 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 along with certain

financial and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

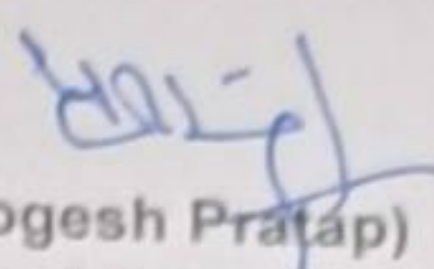
AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2019-20. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of fee increase **Darbari Lal DAV Model School, ND – Block, Pitampura, New Delhi – 110088 (School Id: 1411228)** 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 on any account for the academic session 2019-20 and if the fee is already increased and charged for the academic session 2019-20, 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 rectify all the financial and other irregularities/violations as listed above and submit the compliance report within 30 days to the D.D.E (PSB).
4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India. Therefore, school not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA, 1973.
5. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.
6. In case of submission of any proposal for increase in fee for the next academic session, the compliance of the above listed financial and other irregularities/violations will also be attached.

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

This 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

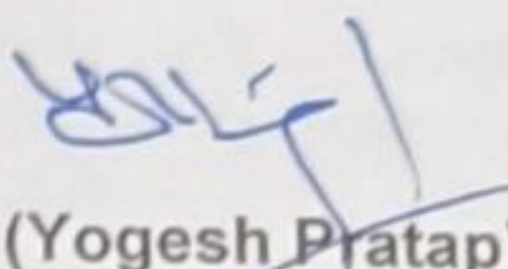
To
The Manager/ HoS
Darbari Lal DAV Model School (School Id: 1411228),
ND – Block, Pitampura, New Delhi – 110088

No. F.DE.15 (23)/PSB/2020 / 1671-1676

Dated: 23/02/2020

Copy to:

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.


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