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

No. F.DE.15(552)/PSB/2022/ 3207-3211 **Dated: 19/5/22**

Order

WHEREAS, **Vivekanand Public School (School ID- 1001181) B Block, Anand Vihar, Delhi-110092,** (hereinafter referred to as **"the School"**), run by the **New Vivek Education Society** (hereinafter referred to as the "**Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND 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 DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 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 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 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 DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of this Directorate, **Vivekanand Public School (School ID- 1001181) B Block, Anand Vihar, Delhi- 110092** 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 expert Chartered Accountants at HQ level who have evaluated the fee proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2019-2020, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 23rd 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 the compliances against order no. F.DE. 15(211)/PSB/2019/1300-1304 dated 29.03.2019 issued for academic session 2017-18 were also discussed and the school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase and subsequent documents submitted by the school were evaluated thoroughly by the team of Chartered Accountants. After evaluation of fee proposal of the school and its subsequent clarifications and submissions, following key findings were noted:

Financial Observations

1. As per clause 2 of the Public Notice dated 04.05.1997 "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 30.10.1998 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."

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.

Accordingly, based on the aforesaid provisions, 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 nor from the school funds.

The audited financial statements of the school for FY 2017-2018 and FY 2018-2019, revealed that the school has incurred expenditure on additions to building out of school funds (out of development funds) totalling to INR 52,13,247 in the aforesaid financial years in contravention of the aforesaid provisions accordingly it has been included in the calculation of fund availability of the school with the direction to the school to recover this amount from the society within 30 days from the date of the issue of this order.

As per previous order no. F.DE. 15(211) /PSB/2019 /1300-1304 dated 29.03.2019, the school was directed to recover INR 69,22,650 from the society towards expenditures incurred on construction of building in FY 2014-2015, 2015-2016 and 2016-2017 within 30 days from the date of issue of the aforesaid order which is yet to recover from the society. Therefore, this amount has been also included in the calculation of available fund of the school with the direction to school to recover this amount from the society immediately and submit the compliance report within 30 days from the date of issue of this order. Failure to comply with direction shall be dealt in accordance with the provisions of section 24(4) of DSEA&R, 1973.

- 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."

Although the school obtained an actuarial valuation report regarding its liability towards retirement benefits (gratuity and leave encashment) as on 31 Mar 2019 and created provisions for gratuity and leave encashment for equivalent amounts in its books of account but has not made any investment with LIC (or any other agency) in accordance with the requirements of Accounting Standard 15 (AS-15) mentioned above.

It is also pertinent to mentioned that vide order no. F.DE.15 (211)/PSB/2019/ 1300-1304 dated 29-03-2019 issued for academic session 2017-18 the school was allowed INR 34,75,013 (10% of INR 2,99,23,230 determined by actuary towards gratuity and INR 48,26,902 towards leave encashment) to make investment in plan assets in accordance with AS-15 and was directed to ensure to deposit sufficient funds towards these liabilities over the coming years. During the personnel hearing the school informed that, the same could not be comply due to insufficient funds. Therefore, the same has not been considered in the calculation of available funds of the school.

In view of the above, the expenditure of INR 70,00,000 budgeted by the school for FY 2019-2020 towards provision of retirement benefits has not been considered as expenses while deriving the available funds of the school. The school is once again directed to comply with the direction of order no. F.DE.15 (211)/PSB/2019/ 1300-1304 issued on 29-03-2019 and submit the compliance report along with supporting documents within 30 days from the date issue of this order.

3. As per Section 18(4) of DSEA 1973, income derived by Unaided Recognised School by way of fees should be utilized only for educational purposes as prescribed under Rules 176 and 177 of the DSER. 1973 However, the financial statements of the schools for the FY 2018-19 revealed that the school has incurred INR 36,55,640 on purchase of car and has not provided any details regarding make model and user of the car. Which indicates that school funds have not been utilized in accordance with Section 18 (4) read with Rule 176 and 177. Accordingly, it has been included in the calculation of available fund of the school with the direction to the school to recover this amount from the society/management of the school within 30 days from the date of issue of this order.

B. Other Observations

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 state "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."

   Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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."

Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 state that "Earmarked levies shall be charged from the user student only."

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."

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-21 "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 Guidance Note-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school post personal hearing, it has been observed that school charges earmarked levies in the name of Computer and IT Fee and Science Fee from the students but 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. Details of surplus generated out of these earmarked levies during FY 2017-18 and 2018-19 are as under:

Particular	**Computer & IT Fee#**	**Science Fee**
FY 2017-18		
Income	64,51,844	19,14,739
Expenses	19,28,361	* 1,36,105
Surplus/ (Deficit) (A)	**45,23,483**	**17,78,634**
FY 2018-19		
Income	55,95,133	12,07,941
Expenses	31,13,960	*-
Surplus/ (Deficit) (B)	**24,81,173**	**12,07,941**
Total (Surplus) (A+B)	**70,04,656**	**29,86,575**

Computer and IT fee includes Information practice fee (collected from XI and XII), Smart class fee (collected from all students) and E Governance Charges (Collected from all students).

*Taken based on the information provided by the school for the FY 2017-18 and no expense details provided by the school for FY 2018-19.

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students of the school, a separate charge cannot be levied towards this services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Smart Class Fee and E-Governance charges from all the students loses its character of earmarked levy. Thus, the school is directed based on the nature of the smart class fee and E-Governance charges, not to charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges. And this direction was also given to the school vide order no. F.DE.15(211)/ PSB/2019/1300-1304 dated 29-03-2019. Failure to comply with this order shall be dealt in accordance with the provisions of section 24(4) of DSEA, 1973.

Further, the proposal for increase of fee for FY 2016-2017 and 207-18 submitted by the school was rejected by the Directorate. While the school is continuously collected earmarked levies in the name of "Smart Class Fee" from all the students w.e.f. FY 2016-2017 onward without prior approval of the Directorate. Since, the breakup of smart class fee collected by the school has not been provided the same has been included in the calculation of available fund of the school.

The school is also 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/deficit, 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 in the subsequent proposal of fee increase by 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.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

2. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 2009 states "Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, 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."

   Para 99 of Guidance Note-21 Accounting by Schools 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." Further, Para 102 of the Guidance Note-21 also states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

i. In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;
ii. Assets, such as investments, and liabilities belonging to each fund separately;
iii. Restrictions, if any, on the utilization of each fund balance;
iv. Restrictions, if any, on the utilisation of specific assets."
v. Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

On review of audited financial statements, it has been noted that the development fund was utilised for construction of building INR 49,65,410 in FY 2017-18 and INR 2,47,837 in FY 2018-19 and purchase of library books INR 1,24,088 in FY 2018-19 which is not in accordance with the provisions of clause 14 of order dated 11-02-2009. The recovery for the said expenditure has already been directed in Financial Observation No. 1 as mentioned above.

Basis the presentation made in the audited financial statements for FY 2018-2019 submitted by the school, it has been noted that the school transferred an amount equivalent to the cost of assets purchased from development fund to general reserve instead of accounting treatment indicated in the guidance note cited above.

Further, based on the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school reported purchase of assets from depreciation reserve fund and reflected the same as deduction from depreciation reserve. Further, the school reflected a transfer of INR 8,35,000 from general reserve to depreciation reserve fund and transferred interest earned of INR 1,11,381 to depreciation reserve. However, the school did not provide any details regarding how the funds has been allocated from general reserve. Further, reasonable justification for non-maintenance of the depreciation reserve fund, equivalent to the deprecation charged in the revenue accounts could not be provided by the school.

The school is directed to maintain depreciation reserve fund in compliance to the abovementioned order equivalent to the amount of accumulated depreciation on fixed assets.

From the above, it has been derived that while the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment, it has also indicated utilisation of depreciation reserve for purchase of assets. 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, the same cannot be used for purchase of assets and the school has incorrectly presented utilisation of depreciation reserve and credit of interest to depreciation reserve.

Also, from the audited financial statements for FY 2016-2017, it was noted that the school has reported value of fixed assets at written down method instead of Gross (historic) value. Further, the Significant Accounting Policies and Notes on Accounts annexed to the Financial Statements with respect to fixed assets stated that *"fixed assets are stated at Historic cost .... "*, which seemed inconsistent with the actual presentation made by the school in its financial statements.

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.

The school is instructed to comply with the directions included in orders above regarding development fund, depreciation reserve and make necessary rectification entries relating to development fund and presentation of fixed assets to comply with the accounting treatment indicated in the Guidance Note cited above. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/fund and report historic cost of fixed assets in same. The school is further instructed not to collect development fee from students until it complies with the above requirements.

Moreover, vide order no. F.DE.15(211)/PSB/2019/1300-1304 dated 29-03-2019 for academic session 2017-18, the school was also directed not to charge development fee until it complies with the directions mentioned therein. However, the school has not complied with the above direction and is continuously charging development fee during FY 2019-20. Accordingly, the school is once again directed not to collect development fee from students until it complies with the above requirements. Moreover, since the school has not complied with the Guidance Note- 21 and Clause 14 of the Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 related to development fund, the balance of development fund shown in the financial statements cannot be treated as correct and therefore, no adjustment has been made towards the same while deriving the fund position of the school for FY 2019-2020.

3. The school has prepared a Fixed Assets Register (FAR) that only captures date, asset name and amount. The FAR 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. As per DoE order no. F.DE.15(211) /PSB/2019/1300-1304 dated 29-03-2019 for academic session 2017-18, the school was directed to update the FAR considering the relevant details mentioned above. In view of the above during the personal hearing the school was asked to share the fixed assets register for the FY 2017-18 to 2018-19 for verification, but the school did not submit the same till date which means the school has yet to prepare/updated the fixed assets register as per the direction given in the aforesaid order. Therefore, the school is directed to prepare/update fixed the assets register with the above details and submit the compliance report within 30 days from the date of issue of this order. This being a procedural finding, no adjustment has been made in the fund position of the school.

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

On review of the financial statements of the school for the FY 2017-18 and 2018-18, it has been noted the school is following hybrid approach for recording of transactions i.e. accrual basis for recording of expenses and cash basis for recording of fee from the students. During the personal hearing the school explained that it follows the practice for recording income on receipt basis because there are several students who do not pay fee even after multiple reminders and the same is normally not realizable whereas it follows accrual basis of accounting for recording of expenses. Thus, the school has not correctly applied recognition and measurement principles mentioned in Guidance note cited above. Therefore, the school is directed to follow accrual basis of accounting and accrue both income and expenses on that basis. This being a procedural finding, no adjustment has been made in the fund position of the school.

5. Part IV of Appendix III - 'Instructions for preparing Income and Expenditure Account' of Guidance Note 21 issued by the Institute of Chartered Accountants of India specifies that "Any item under which income or expense exceeds 1 per cent of the total fee receipts of the School or INR 5,000, whichever is higher, should be shown as a separate and distinct item against an appropriate account head in the Income and Expenditure Account. These items, therefore, should not be shown under the head 'miscellaneous income' or 'miscellaneous expenses'."

   On review of the audited Income and Expenditure Account for the FY 2017-2018 and 2018-19 it has been noted that the school has not segregated all the income which exceeded INR 5,000 or 1% of the total fee receipts as a separate and distinct item such as 'Computer Science Fee', 'Smart Class fee' and 'E-Governance charges' were clubbed together and reported as 'Computer and I.T. Fees'. Thus, the school is directed to ensure that the subsequent financial statements are prepared in accordance with Guidance Note 21.

6. As per DoE order F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23.11. 2016 for academic session 206-17 and order no. F.DE.15(211) /PSB/2019/1300-1304 dated 29-03-2019 for academic session 2017-18 issued to the school post evaluation of fee increase proposal noted that related party disclosures have not been made by the school in its financial statements. Further, on examination of the audited financial statements for FY 2017-2018 and FY 2018 -2019, it has been noted that required disclosures have still not been made by the school is its financial statements despite of giving direction in both the previous orders. Therefore, the school is directed to ensure that relevant disclosures are made in all subsequent financial statements. The compliance for this should be strictly verified in evaluating the fee increase proposal for the ensuing year.

7. As per order F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23 November 2016 issued to the school post evaluation of fee increase proposal for the academic session 2016-2017, it was noted that the school had given the contract to private vendors for sale of books, stationery & uniform shop within the school premises. And the school was insisted parents to buy books, stationery & uniform from that shop. Further, during the visit made to the school on 31.10.2018, it was noted that the shop was closed. The school explained that there was no book shop within the school premises and it had never insisted the parents to buy books, stationery & uniform from the book shop. However, no evidence was provided by the school to substantiate its claim against the observation raised in the order dated 23 November 2016. Accordingly, as per DOE order no. F.DE.15(211) /PSB/2019/1300-1304 dated 29-03-2019, the concerned DDE(District) was requested to verify the existence/non-existence of book shop, stationery & uniform store and validate with a sample of parents regarding the same and submit its report to the Directorate within 30 days from the date of this order which is still pending for the compliance.

8. Clause 18 of Order No. F.DE. /15 (56) /Act /2009 / 778 dated 11.02.2009 sates that "no caution money/ security deposit of more than INR 500 per student shall be charged. The caution Money thus collected shall be kept deposited in a schedule bank in the name of concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he /she request for a refund"

   As per clause no. 3 of the public notice dated 04.05.1997 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 4 of Order No.DE./15/150/ACT/2010/4854-69 dated 09.09.2010, require that the un-refunded caution money belonging to ex-students shall be reflected as income for the next financial year after the expiry of the 30 days and it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for ensuing academic year.

   During the personal hearing the explained that it has stopped the collection caution money from the students from the FY 2017-18 and has started adjusting the caution money collected from the exiting students against the fee due in the FY 2018-19 onward. As per the previous year order the INR 9,00,000 was determined (based on the number of students provided by the school) as refundable for the FY 2018-19 out of which only INR 10,500 has been refunded/adjusted. Further, school has not provided any details of students left and students remaining in the school to whom caution money has to be refunded. Therefore, the school is required to comply with the direction given in the previous year order and the amount which is not refundable should be considered as the income of the school while projecting the fee of the ensuing year. However, total liability of INR 22,42,000 against the caution money as per the audited financial statements for FY 2018-19 has been considered while deriving fund position of the school.

9. As per Right to Education act, the pupil teacher ratio for primary classes and upper primary classes should be 30:1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio should not exceed 30:1 excluding principal, physical education teacher and counsellor to teach various subjects. However, based on the information submitted by the school relating to total students and number of teachers following ratios have been derived:

Particulars	**FY 2017-18**	**FY 2018-19**
Total Number of Students (A)	1782	1653
Number of Teacher (B)	76	75
Students to teacher ratio (A/B)	23.44	22.04

   In view of the above calculation, it has been observed that there is one teacher on every 23 students which is much higher than the standard prescribed by the CBSE and mentioned in the RTE Act. It seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required to look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

10. The physical verification of fixed assets is normally conducted to confirm certain criteria's like existence, quantity and condition of the fixed assets. However, School does not get its fixed assets

physically verified on regular basis. Which indicates that the school does not have adequate internal control over the existence and has not ensured safeguarding of fixed assets. Accordingly, school is directed to get the physical verification of its fixed assets on regular basis and strengthen the internal control system of the fixed assets and furnish the compliance report at the time submission of fee increase proposal of the ensuing year.

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 INR **11,34,81,164** out of which cash outflow in the FY 2019-20 is estimated to be INR **10,22,79,955.** This results in surplus of INR **1,12,01,209** for FY 2019-20 after all payments. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.19 as per Audited Financial Statements	1,39,38,511
Investments as on 31.03.19 as per Audited Financial Statements	-
Add: Amount recoverable from Society for additions made to building during FY 2017-18 and FY 2018-19 **(Refer Financial Observations No. 1)**	52,13,247
Add: Amount recoverable from Society for additions made to building during FY 2014-15 to FY 2016-17 **(Refer Financial Observations No. 1)**	69,22,650
Add: Purchase of Car in FY 2018-19 (as per audited financial statements for FY 2018-19) **(Refer Financial Observations No. 3)**	36,55,640
Less: Retirement Benefits **(Refer Financial Observations No. 2)**	-
Less: Development Fund as on 31.03.2019 **(Refer Other Observations No. 2)**	-
Less: Caution money as on 31.03.2019 **(Refer Other Observations No 8)**	22,42,000
Total Available Fund for FY 2019-20	**2,74,88,048**
Add: Fees for FY 2018-19 as per Audited Financial Statements including 12.5% increase in tuition fee on the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20	8,47,55,899
Add: Other income for FY 2018-19 as per Audited Financial Statements on the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20	12,37,217
Estimated Available Funds for FY 2019-20	**11,34,81,164**
Less: Budgeted expenses for the session 2019-20 (after making adjustment) **(Refer Note 1 & 2 below)**	8,64,34,698
Less: Arrears of salary on implementation of 7th CPC (as per school's submission) **(Refer Note 3 below)**	1,58,45,257
Net Estimated Surplus	**1,12,01,209**

Note- 1: The school has not complied with the previous direction given in order no. F.DE.15(211) /PSB/2019/1300-1304 dated 29-03-2019 i.e., amount not invested in the plan assets as required by AS- 15. Therefore, budgeted expenditure of INR 70,00,000 towards gratuity and leave encashment for the FY 2019-20 has not been considered in the calculation of available fund of the school.

Note 2: Under the following heads the school has proposed higher expenditures as compared to the actual expenditure incurred in the previous financial year 2018-19. For which the school has not provided any satisfactory explanation or justification for such unusual increase in these expenditures.

Therefore, these expenditures have been restricted to 110% of the actual expenditure incurred in the FY 2018-19. The summary of expenditures disallowed is as under:

Particulars	As per Audited Financial Statement for the FY 2018-19	As per Budget for the FY 2019-20	% Increase	Amount Disallowed in excess of 110% of the actual expenditure of the previous year
Other Revenue Expenses				
Printing and Stationery	11,88,407	15,00,000	26%	1,92,752
E- Governance Expenses	6,62,688	10,00,000	51%	2,71,043
Smart class expenses	12,57,030	35,00,000	178%	21,17,267
Science lab Expenses	86,979	5,00,000	475%	4,04,323
Building Repair & Maintenance	35,36,439	60,00,000	70%	21,09,917
Total				**50,95,302**

Note-3: As per the response submitted by the school and taken on records, it has been noted that the school has implemented 7th CPC w.e.f 01-04-2019. Further, it has submitted by the school that it had paid salaries as per 7th CPC for nine months in previous financial year (i.e., 2018-19). Also, during the discussion school admitted that it will adjust the aforesaid amount from the salaries paid in the current FY 2019-20 but has not provided the details of such amount paid to the concerned staff for nine months. Further, school has provided the arrears of salary as per 7th CPC amounting to INR 1,58,45,257 which has been considered while calculating the fund availability with the school.

ii. In view of the above examination, it is evident that 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 observations, 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, it is also noticed that the School has made addition to building amounting INR 1,21,35,897 during FY 2014-15 to FY 2018-19 against construction to building. Thus, the school is directed to recover INR 1,21,35,897 from the society. Further, school funds have been used for purchase of car amounting INR 36,55,640 in contravention of provisions of DSEA & R, 1973. The receipt of above amounts along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issue of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

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.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other observations noted during the above evaluation process and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal of enhancement of fee for session 2019-20 of **Vivekanand Public School (School ID- 1001181) B Block, Anand Vihar, Delhi-110092** is rejected by the Director (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 2019-20. In case, the school has already charged increased fee during FY 2019-20, 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. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. To utilize 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 is issued with the prior approval of the Competent Authority

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

To
The Manager/ HoS
Vivekanand Public School (School ID- 1001181)
B Block, Anand Vihar, Delhi- 110092

No. F.DE.15 (552)/PSB/2022 | 3207 - 3211   Dated: 19/5/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (East) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

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