

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

No. F.DE.15(688) / PSB / 2022 / 4065-4069

Dated: 03/06/22

**ORDER**

WHEREAS, DAV Centenary Public School, (School ID-1310280), Narela, Delhi-110040, (hereinafter referred to as "the School"), run by the DAV College Trust & Management 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 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of this Directorate **DAV Centenary Public School, (School ID-1310280), Narela, Delhi-110040** submitted its proposal for enhancement of fee for the academic session **2019-20**. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the 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 05.11.2019 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. F.DE-15(605)/PSB/2018/30379-383 dated 12.12.18 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 and subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and key observation noted are as under:

**A. Financial Observations**

1. Clause (vii)(c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "Capital expenditure cannot constitute a component of the financial fee structure capital expenditure/investments have to come from savings."

As per Rule 177 of DSER, 1973 income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowance, and other benefits admissible to the employee of the school. Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting capital or contingent expenditure of the school or for one or more the specified education expenses after creation of 10% reserve.

As per previous order No.F.DE-15(605)/PSB/2018/30379-383 dated 12.12.18, the school has paid from the school funds INR 55,76,960 towards interest payment, which is not in accordance with the provisions of Rule 177 of DSER, 1973. Further, school was directed to recover the same from society, however the same has not been recovered from the society.

Further, on review of records submitted by the school, it has been noted that the school has utilised its funds for repayment of loan and interest thereon amounting INR 30,00,000 taken for building construction without complying the Rule 177 of DSER, 1973. Moreover, in its books of accounts, school is presenting deficit/ losses. Moreover, it has also been noted that the school has not paid the arrears of salaries as per recommendations of 7<sup>th</sup> CPC for FY 2016-17 and FY 2017-18 amounting INR 4,47,38,064. Further, the school has also been incurring capital expenditure out of the school's fund. Thus, it be concluded that the school had incurred capital expenditure and repaid the loan without complying the requirements prescribed in Rule 177 of DSER, 1973. Moreover, the capital expenditure incurred on purchase of capital assets is being recovered by students in the form of increased fee, proposed by the school for FY 2018-19, which is in contravention of Clause (vii)(c) of Directorate's order sated above.

Therefore, the school is once again directed to recover the aforesaid amount used for payment of interest on loan amount from the society and the school is also directed not to purchase capital assets from the fund of the school with immediate effect. The school is directed to make adjustment in the General Fund in respect of interest charged to income and expenditure account. Summary of repayment of loan and interest thereon are as under:

(Amount in INR)

Financial Year	Principal	Interest	Total
Recovery of Interest as per previous order	-	55,76,960	55,76,960
2016-17	6,00,000	-	6,00,000





Financial Year	Principal	Interest	Total
2018-19	24,00,000	-	24,00,000
<b>Total</b>	<b>30,00,000</b>	<b>55,76,960</b>	<b>85,76,960</b>

2. As per practice adopted by the schools under the management of the DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance and then this is transferred to the DAV CMC. The DAV CMC in turn manages and maintains common pool of funds for all the schools under its management and uses the same for payment of gratuity and leave encashment liability as and when arises on account of his/her resignation or retirement. The department had directed to the school through its order no. F.DE-15/Act-I/WPC-4109/Part/13/301-305 dated 27.12.2016 to obtain an actuarial valuation of its gratuity and leave encashment liabilities and disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in its financial statements.

Further, during personal hearing of last academic session 2017-18, the school had agreed to report its liability as per the actuarial valuation along with investment in plan assets as per the requirements of AS-15 from financial year 2018-19. The school also agreed to invest the amount of funds available with DAV CMC in plan assets.

The school for the first time has obtained Actuary report for gratuity and leave encashment as at 31.03.2019 which has been taken on record. As per the Actuary report, the school has liability towards gratuity and leave encashment as on 31.03.2019, INR 2,92,93,281 and INR 66,45,476 respectively. But the school has not recorded total liability towards gratuity and leave encashment in its audited financial statements. The details are as under.

(Amount in INR)			
Head	As per Actuary Report as on 31.03.2019 (A)	As per Audited FS as on 31.03.2019 (B)	Difference C=(A-B)
Gratuity	2,92,93,281	1,56,01,631	1,36,91,650
Leave Encashment	66,45,476	67,68,154	-1,22,678

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.”

Based on the discussion with the school during the personal hearing, the school has not invested any amount in the plan assets in accordance with the requirement of AS-15. During the discussion the school also provided details of fund balance with DAV CMC in respect of payment made to DAV CMC towards maintenance of gratuity and leave encashment including the interest accrued. However, this investment in the form of fund balance maintained by DAV CMC. The balance disclosed by the school based on records maintained by the DAV CMC as on 31.03.2019 have been indicated below.



(Amount in INR)

Head	Balance as on 31.03.2019
Gratuity & Leave Encashment balance with DAV CMC	2,23,69,785

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). However, the school is hereby directed to make an investment in plan assets equivalent to the liability determined by the actuary in accordance with AS-15.

3. As explained by the school an administrative charge payable to DAV CMC are accounted for @ 4% of the basic salary paid by the school to its staff up to financial year 2016-17. However, DAV CMC has increased this administrative charge to 7% of the basic salary paid by the school to its staff from the financial year 2017-18. While evaluating the fee increase proposal for the financial year 2017-18, the school was directed to reduce percentage of administrative charges to 2% instead of 7% of the basic salary paid to its staff. Thus, the school instead of following the direction of the department, has increased the rate of administrative charge payable to DAV CMC.

Accordingly, the excess amount of INR 24,76,241 (INR 1,91,622 as per previous order + INR 10,92,810+ INR 11,91,809) paid by the school to DAV CMC by way of administrative charge is recoverable from the society and has been included while deriving the fund position of the school considering the same fund is available with 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. Administrative charges paid by the school to DAV CMC has been provided below.

Particulars	FY 2017-18	FY 2018-19
Basic Pay	1,64,95,156	1,83,80,031
<b>Total</b>	<b>1,64,95,156</b>	<b>1,83,80,031</b>
Applied Rate	9%	8%
Administrative charges (as per applied rate) (A)	14,22,713	15,59,410
Allowable rate	2%	2%
Administrative charges (as per allowable rate) (B)	3,29,903	3,67,601
Difference (A-B)	10,92,810	11,91,809
Less: Administrative charges payable (as per audited financial statements)	-	-
<b>Balance recoverable from Society</b>	<b>10,92,810</b>	<b>11,91,809</b>

4. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/883-1982 dated 10.02.2005 issued by this directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*" Further, Rule 177 of DSER, 1973 states "*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..... “.*

Based on the above provisions the school can incur the capital expenditures only after complying the requirement of Rule, 177 of DSER, 1973. However, it was noted that school incurred capital expenditure for purchase of a vehicle/buses for INR 8,63,100 and INR 18,86,791 out of school funds during the FY 2017-18 and FY 2018-19 respectively without complying with the requirement of Rule 177 of DSER, 1973. Accordingly, the total expenditure of INR 27,49,891 is hereby added to the fund position of the school with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

5. Para 99 of the Guidance Note-21, 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.”*

However, the school on purchase of assets out of the development fund transfers an amount equivalent to the cost of the assets to general reserve instead of transferring it to a separate account e.g. “Development Fund Utilisation Account” or any other account whatever name it may be called. This separate account shall be treated as deferred revenue income and need to be written off in proportion of deprecation charged on the assets. As the school has not been following correct accounting treatment with respect development fund utilisation resulting incorrect reporting of the balance of General Reserve in the audited financial statements. Thus, the accounting treatment adopted by the school is not in accordance with the above guidance note.

During the personal hearing, school accepted this fact and agreed to rectify its accounting from the next financial year onward. The compliance with respect to this submission shall be verified while evaluating the fee increase proposal of next academic session. However, the development fund balance as on 31.03.2019 amounting to INR 1,40,15,574 has been adjusted while deriving the fund position of the school.

6. Clause 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 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 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."*

Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010 states "*In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this income shall also be considered while projecting fee structure for ensuing Academic year.*"

However, as per order no. F.DE-15(605)/PSB/2018/30379-383 dated 12.12.18 issued for academic session 2017-18, the school was directed to maintain a separate bank account for deposit of caution money collected and interest earned thereon. The school has explained that it has been refunding only the principal amount of caution money to the students at the time leaving from the school.

However, during the personal hearing, the school submitted that it has stopped collecting caution money from students and has started adjusting the caution money already collected from old students against the dues from them. And the balance caution money if any left the school shall be treated as income of the ensuing year. Thus, the outstanding balance of caution money INR 10,02,000 as on 31.03.2019 has been adjusted while deriving the fund position of the school.

#### **B. Other Observations**

1. As per Directorate order no. F.DE-15/ACT-I/WPC-4109/PART/13/301-305 dated 27.12. 2016 noted that the income shown in the financial statements for the year 2013-14, 2014-15 & 2015-16 was less by INR 1,78,09,186 as corroborated with the fee structure of the school and the number of students as per attendance register. For which no clarification was given by school.

During personal hearing, the school submitted that the accountant and fee collection official of the school had conspired against the school by recording reduced fee collections in the books of account and manipulating cash (less deposit in bank account). Thus, on account of embezzlement of cash by the school staff, First Information Report (FIR) has been lodged against the staff with local police station (Reference No. 620 Dated 27.12.2017).

As per Order no. F.DE-15(605)/PSB/2018/30379-383 dated 12.12.18 issued to the school post evaluation of the proposal for fee enhancement for FY 2017-18 it has been noted that income for FY 2016-17 was underreported by INR 11,39,643. However, the amount of embezzlement has not been considered while deriving the fund position of the school for FY 2017-18 as the recoverability of aforesaid amount would take time and would depend on the outcome of the case filed against the staff.

Further, till date charge sheet has not been filled against the staff and no proceedings has been initiated in the court. Also, no recovery has been done from the concerned employees till date





Therefore, school is directed to expedite the process of getting the court case initiated and recovery of embezzled funds from the concerned employees and submit the compliance of the same within 30 days from the date of issue of this order.

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

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11.02.2009 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 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 ....."*

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, science fees, pupil fees, physical education fees 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(605)/PSB/2018/30379-383 dated 12.12.18. Details of calculation of surplus, based on breakup of expenditure provided by the school for FY 2016-17, 2017-18 & 2018-19 is given below:

(Amount in INR)

Particulars	Transportation Fees	Science Fees	IT Fees	Physical education fees
<b>For the year 2016-17</b>				
Fee Collected during the year (A)	59,56,330	11,73,920	24,55,980	5,80,830
Expenses during the year (B)	81,38,275	5,61,758	24,70,102	1,40,416
<b>Difference for the year (A-B)</b>	<b>-21,81,945</b>	<b>6,12,162</b>	<b>-14,122</b>	<b>4,40,414</b>
<b>For the year 2017-18</b>				
Fee Collected during the year (A)	58,72,750	11,01,600	25,35,570	5,60,910
Expenses during the year (B)	58,26,916	-		
<b>Difference for the year (A-B)</b>	<b>45,834</b>	<b>11,01,600</b>	<b>25,35,570</b>	<b>5,60,910</b>
<b>For the year 2018-19</b>				
Fee Collected during the year (A)	66,14,296	10,40,280	24,63,640	5,25,000
Expenses during the year (B)	63,84,400	-		
<b>Difference for the year (A-B)</b>	<b>2,29,896</b>	<b>10,40,280</b>	<b>24,63,640</b>	<b>5,25,000</b>
<b>Total</b>	<b>-19,06,215</b>	<b>27,54,042</b>	<b>49,85,088</b>	<b>15,26,324</b>

\*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.

The school is directed to maintain separate fund account depicting clearly the amount collected amount utilised and balance amount. 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 is directed to evaluate costs against each earmarked levy and propose the fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies have been calculated on no-profit no-loss basis.

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.

3. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, 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 & Other.

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.

Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purpose for which the school has been utilising this may be get covered either from annual charges/ Tuition fee. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form. Also, the school is directed not to collect pupil fund from students with immediate effect. A similar observation was also noted while evaluating the fee increase proposal for financial year 2017-18.

4. The Director's Order no. DE.15/Act/Duggal.Com/203/99/23033-23980 dated 15.12.1999, indicated the head of fee 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

Also, the order no. 9 of the aforesaid order states *" no fee, fund or any other charge by whatever name called, shall be levied or released 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.

However, on review of school fee proposal for academic session 2018-19 it has been noted that the school has been charging fee in the name of "Student Safety and Security" amounting INR 9,000 at the time of new admission.

The Directorate through its order issued post evaluation of fee increase proposal for academic session 2016-17 instructed to schools running by DAV CMC.

*.....School is not allowed to charge one-time fees at the time of admission for development activity of students. Charging of one-time fees at the time of admission tantamount to capitation fee which is prohibited under section 13 of the Right of Children to Free and Compulsory Education Act, 2009. The school is hereby directed not to charge any such fee from the students in future and to adjust the fee already collected against monthly fee due...*

However, on review of school fee proposal for academic session 2018-19 it has been noted that the school has been charging fee in the name of "Student Safety and Security Fund" amounting INR 9,000 at the time of new admission.

Thus, in view of the above, the school is not allowed to charge any fee in the name of Student Safety and Security fee from the students at time of admission as a capitation fee. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is hereby directed to stop such collection of Student Safety and Security Fund with immediate effect.

5. In accordance with Clause 14 of DoE's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 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 No F.DE-15(605)/PSB/2018/30379-383 dated 12.12.18, the school was directed to maintain the development fund in a separate bank account. The school is yet to open a separate bank account from the development fund.

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

6. 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.

The school is directed to update the FAR with relevant details mentioned above. The above being a procedural observation, no financial impact is warranted for deriving the fund position of the school.



7. As per Section 18(5) of the DSEA, 1973, the management 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.

Further, Rule 180 of DSER, 1973 states “ (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31 July of each year.(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 any officers authorised by the Comptroller and Auditor General of India”

And Section 24 (2) of DSA. 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

Whereas Appendix-II to Rule 180 specify that “final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e. Unique Document Identification Number which is being implemented in phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379<sup>th</sup> meeting of ICAI held on 17.12.2018 and 18.12.2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal of FY 2019-20, it been has observed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are instructed to ensure this compliance from the Auditor 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 2019-20 amounting to INR 16,29,34,314 out of which cash outflow in the year 2019-20 is estimated to be INR 13,89,52,772. This results in net surplus of INR 2,39,81,543. The details are as follows:

Particulars	Amount (In INR)
Cash and Bank balances as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	5,11,78,348
Investments (Fixed Deposits) as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	40,16,214
Current Account Balance with DAV CMC as on 31.03.2019 (as per audited Financial Statements of FY 2018-19)	2,23,69,785
<b>Liquid Fund as on 31.03.2019</b>	<b>7,75,64,347</b>
Add: Loan repayment & interest payment for loan obtained for building (Refer Financial Observation No.1)	85,76,960
Add: Recovery of excess administration charges from DAV CMC (for FY 2017-18 and 2018-19) (Refer Financial Observation No.3)	24,76,241
Add: Recovery of additions to vehicles reflected in financial statement (for FY 2017-18 and 2018-19) (Refer Financial Observation No.4)	27,49,891
Add: Fees for 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 (Refer Note 1 below)	8,91,12,150
Add: Other income for 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 (Refer Note 1 below)	29,06,377
<b>Gross Estimated funds for FY 2019-20</b>	<b>18,33,85,966</b>
Less: Investment against retirement benefits (Refer Financial Observation No. 2)	-
Less: Development Fund as on 31.03.2019 as per audited Financial Statements (Refer Financial Observation No. 5)	1,40,15,574
Less: Caution Money as on 31.03.2019 as per audited Financial Statements (Refer Financial Observation No. 6)	10,02,000
Less: Refund of excess fee collected by the school as on 31.03.2019 as per audited financial statement	45,44,652
Less: Fixed Deposits in the joint name of Secretary, CBSE and Manger, School as on 31.03.2019 (as per School's submission)	3,82,755
Less: Fixed Deposits in the joint name of DOE and Manger, School as on 31.03.2019 (as per School's submission)	5,06,671
<b>Net Estimated funds for FY 2019-20</b>	<b>16,29,34,314</b>
<b>Total cash outflow (Refer Note 2 below) (Revenue Expenditure + Capital Expenditure - Depreciation)</b>	<b>9,42,14,708</b>



Particulars	Amount (In INR)
Less: Salary arrears (VII pay commission) (Refer Note 3 below)	4,47,38,064
<b>Net Surplus</b>	<b>2,39,81,543</b>

**Notes:**

1. Fees and income as per audited financial statements for the FY 2018-19 has been considered on the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20 except liabilities written back INR 3,88,969 being a non-cash item.
2. All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except depreciation being a non-cash item and the following below expenditures:

Particulars	Actual expense in FY 2018-19 (INR)	Expense budgeted in FY 2019-20 (INR)	Disallowed amount (INR)	Remarks
Agency charges	64,50,486	77,95,722	7,00,187	School has proposed expenditure in excess of 10% as compared to the actual expenditure incurred in FY 2018-19 for which the school has not offered satisfactory explanation/justification.
Bus Hire Charges	56,01,500	63,00,000	1,38,350	
<b>Total</b>	<b>1,20,51,986</b>	<b>1,40,95,722</b>	<b>8,38,537</b>	

3. As per order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order No. F.DE.15/(318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7<sup>th</sup> CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

Further, section 10 of DSEA states “ *the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*”. Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon’ble High Court long



back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

On review of audited Financial Statements of the school and as per explanation given, school is paying the salary as per VI pay commission. Accordingly, the impact of salary arrears amounting to INR 4,47,38,064 which is still pending for payment (as provided by the school for the period) has also been considered while deriving the fund position of the school with the direction to the school to implement the recommendations of 7<sup>th</sup> CPC in full within 30 days from the date of issue of this order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

- 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 noticed that the school has utilised INR 1,38,03,092 in contravention of provisions of DSER, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover INR 1,38,03,092 from the society. The amount of above receipt along with copy of bank statements showing receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance 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 **DAV Centenary Public School, (School ID-1310280), Narela, Delhi-110040** 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  
D.A.V. Centenary Public School  
School ID 1310280  
Narela, Delhi-110040

No. F.DE.15(688) / PSB / 2022 / 4065-4069

Dated: 03/06/22



**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 (North West-A) to 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**