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

No. F.DE.15(756)/PSB/2022/ 4821-4825 **Dated: 22/06/22**

ORDER

WHEREAS, **Crescent Public School (School ID-1411217), Saraswati Vihar, Pitampura, New Delhi,** (hereinafter referred to as "**the School**"), run by the Crescent Public School Society (hereinafter referred to as "**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 DSEA, 1973 to the DoE. Such full statement of fee is required to indicate estimated income of the School to be derived from the fees and estimated operational expenses to be incurred during the ensuing year towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the DSER, 1973.

AND WHEREAS, as per Section 18(5) 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 objectives 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 recognized 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 the Writ Petition No. 4109/2013 in the matter of Justice for All vs. 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 private unaided recognized Schools to whom land has been allotted by the DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed to all the private unaided recognized Schools, running on the land allotted by the 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 the DoE, the School submitted its proposal for enhancement of fee for the academic session 2019-20. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20.**

AND WHEREAS, in order to examine the proposals submitted by the Schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE 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 to be heard on 16.12.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing, compliances against Order No. F.DE-15/(227)/PSB/2019/1260-1264 dated 29.03.2019, issued for academic session 2017-18, was also discussed and submissions taken on record.

AND WHEREAS, the response of the School along with documents uploaded on the web portal for fee increase, and subsequent documents submitted by the School, were evaluated by the team of Chartered Accountants; the key observations 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 Feb 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.*"

   Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 which 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.*"

   Directorate's order No. F.DE.15 (227)/PSB/2019/1260-1264 dated 29 Mar 2019 issued to the school post evaluation of fee hike proposal for FY 2017-2018 noted that school had purchased buses amounting to INR 30,25,000 from the school funds during FY 2014-2015 without complying with the requirements of Rule 177. The school was directed to recover this amount from the Society.

   On review of audited financial statements for FY 2017-2018 submitted by the school, it was noted that the school has purchased another bus for INR 13,06,620 from development fees, which was not in accordance with the aforementioned provisions. While as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 and 2004 judgement of Hon'ble Supreme Court in the matter of Modern School Vs Union of India and Others, development fund could be utilized only towards purchase, upgradation and replacement of furniture, fixture and equipment, utilisation of development fund for purchase of vehicle is a non-compliance by the school

   The school has not created fund account against transport service provided to students by the school till FY 2017-2018, the school created transport fund during FY 2018-2019 onwards, the income and expense towards transport service from the financial statements of the school for FY 2015-2016 to FY 2018-2019 were evaluated and it was noted that the school was charging transport fee, which was not even adequate to cover revenue (operating) expenses for providing the transport service to students. The school did not provide complete breakup/details of expenses incurred in relation of the transport facility, thus, estimated calculation of deficit based on documents and information on record, is enclosed below:

Particulars	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Income				
Transport Fees (A)	14,88,300	14,00,894	20,51,750	22,55,900
Expenses				
Running and Maintenance Expense	12,49,168	14,00,894	4,41,341	5,15,900
Housekeeping - Transport			12,87,336	12,99,216
Insurance		1,13,149	60,971	1,52,094
Hiring Charges	2,78,500	4,96,800	3,51,000	3,07,500
Total Expenses (B)	15,27,668	20,10,843	21,40,648	22,74,710

Particulars	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Surplus/(Deficit) (C)=(A-B)	**(39,368)**	**(6,09,949)**	**(88,898)**	**(18,810)**

^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 represented the above amount has been paid by the school out of the transport fees. It further stated that a small amount of INR 30,25,000 incurred by the school and by no stretch of imagination, can be termed as a burden on the students. And even otherwise to capital expenditure incurred by the school on its development in the form of addition to school bus in FY 2014-2015 is permissible under Rule 177 as also under the judgement in the cases of Modern school and Action Committee. Further, there is no hierarchy provided under Rule 177(2), as to which expenditure is to be incurred before the other one. Depending upon the availability of the funds, the need, necessity and exigency of a particular expenditure to be incurred at a particular point of time, the school in its discretion, autonomy and fundamental right, can appropriate its financial resources, best suitable to its own needs. No interference therewith can be made by the DOE and none is permissible under law. However, the school did not provide any relevant explanation for operating the transport facility in such huge deficit.

It has been observed that the school has purchased buses for provision of transport facility despite there being deficit from operation of transport facility and has submitted proposal for increase of fee from students that translates to constituting capital expenditure as component of the fee structure of school and hence non-compliance. Earmarked levies in the form of transport fee are to be charged on no-profit no-loss basis and the school was not able to recover the cost of buses from the transport fee collected from students indicating that the school has shifted the burden of capital cost of buses to all the students of the school, who are not even availing the transport service.

Since the school has not recovered any amount from the society till date, the amount spent by the school on purchase of buses of INR 43,31,620 (INR 30,25,000 plus INR 13,06,620) is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order. The school is further directed to ensure that transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

2. Para 7.14 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Plan assets comprise:*
    - *assets held by a long-term employee benefit fund; and*
    - *qualifying insurance policies.*"

Section 10(1) of Delhi School Education Act, 1973 on 'Salaries of employees' states "*The scales of pay and allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of a recognised private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority.*"

Directorate's order No. F.DE.15 (227)/PSB/2019/1260-1264 dated 29 Mar 2019 issued to the school post evaluation of fee hike proposal for FY 2017-2018 directed the school to get the liability against retirement benefits valued by an actuary.

The school submitted copy of actuarial valuation report of its liability towards gratuity and leave encashment for FY 2018-2019 (first year for which actuarial valuation obtained). It was noted that the school obtained actuarial valuation of its liability towards gratuity of INR 1,09,24,924 and INR 10,79,653 towards leave encashment and recorded the liability in the books of the account as on 31 Mar 2019. However, the school has not made any investment in group gratuity scheme and group leave encashment scheme of LIC/ other insurers till date to secure the statutory liability towards staff retirement benefits.

Since the school has not implemented the recommendations of 7th CPC till date and the school has not yet created investments equivalent to its liability towards staff retirement benefits in previous years, 20% of the amounts determined by the actuary as on 31 Mar 2019 towards gratuity and leave encashment of INR 21,44,985 (20% of INR 1,07,24,924) and INR 2,15,931 (20% of INR 10,79,653) respectively have been considered while deriving the fund position of the school (enclosed in the later part of this order) for FY 2019-2020 with the direction to the school to deposit these amounts in investments that qualify as plan assets (such as group gratuity scheme and group leave encashment scheme of LIC/ other insurers) as per Accounting Standard 15 within 30 days from the date of this order to protect statutory liabilities towards staff. Further, the school should keep on depositing amounts in plan-assets in subsequent years to ensure that the value of the investments matches with the liability towards retirement benefits determined by the actuary.

Accordingly, since the 20% of the liability determined by the actuary towards staff gratuity and leave encashment has been adjusted, the additional amounts budgeted by the school towards gratuity and leave encashment have not been considered as part of the Budgeted Expenses for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order).

3. Directorate's order no. F.DE.15(21)/PSB/2019/922-926 dated 22 Jan 2019 regarding fee increase proposals for FY 2017-2018 states *"Not to increase any fee in pursuance to the proposal submitted by school on any account including implementation of 7th CPC for the academic session 2017-2018 and if the fee is already increased and charged for the academic session 2017-2018, the same shall be refunded to the parents or adjusted in the fee of subsequent months"*

As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school states that *"The school shall not increase the rates of tuition fee without the prior sanction of the Directorate of Education Delhi Admin. and shall follow the provisions of Delhi School Education Act/Rules, 1973 and the instructions issued from time to time"*.

Directorate's order no. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 2019 regarding fee increase proposals for FY 2018-2019 and FY 2019-2020 states *"In case, 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."*

On review of fee structure and sample of fee receipts submitted by the school for the FY 2016-2017 to FY 2018-2019, the school had collected increased annual charges from students without prior approval of the Directorate. The school was charging INR 5,600 as annual charges during FY 2016-

2017 which was increased to INR 6,150 during FY 2017-2018 and INR 6,750 during FY 2018-2019. It was noted that the school had spent school funds on purchase of buses and other capital items and has been increasing fee from students, which clearly indicates profiteering and commercialisation of education.

Accordingly, the school is hereby directed to calculate the excess fee collected from students from FY 2016-2017 to FY 2018-2019 and immediately refund/adjust the excess fee collected and submit the evidence of refund/adjustment to the Directorate within 30 days from the date of this order. Further, the school is directed not to increase any fee/charge of any class without approval from the Directorate.

B. Other observations

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

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

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

   Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

   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 was noted that the school charges earmarked levies in the form of Transport Fees and computer fees from students. Though the school created a separate fund for transport fee from the FY 2018-2019, the school is incurring a deficit in transport fund account without apportioning depreciation on vehicles used for transportation of students in the expenses.

It was further noted that the school failed to disclose transport fees in the income and expenditure account rather it was presented directly in designated funds maintained by the school as Transport Fund. While this is a revenue receipts collected by school, the school did not route the incomes and expenses in relation to above fee head through income and expenditure account. Based on financial statements for FY 2018-2019, the following were the incomes and expenses against earmarked levies:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/(Deficit) (INR)
	A	B	C=A-B
Transport fee^	22,55,900	22,74,710	(18,810)
Computer fee	1,36,500	1,28,680	7,820

^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.

Since the school has started to maintain the fund-based accounts for the transport fees from the FY 2018-2019 onwards, transport income and expenditure have not been included in the budgeted income and budgeted expenses while deriving the fund position of the school (enclosed in the later part of this order).

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/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 during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis.

Also, the school is directed to disclose all earmarked levies collected by it in its fee increase proposal. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

2. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 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 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 on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

Based on the presentation made in the financial statements of the school for FY 2017-2018 and FY 2018-2019 submitted by the school, it was noted that the school has started creating of 'Development Fund Utilized' account from FY 2017-2018 onwards and transferred an amount equivalent to the purchase cost of fixed assets purchased from Development Fund to "Development Fund Utilized" account. However, the school did not transfer an amount equivalent to the depreciation on assets from the "Development Fund Utilized" account to the Income and Expenditure Account as income, which is required as per the accounting treatment indicated in the guidance note cited above. Thus, the school has not done the accounting and reporting of development fund, depreciation and depreciation reserve in accordance with the requirements of Para 99 of Guidance Note 21.

While the school was required to maintain the balance of development fund in a separate bank account. The bank balance available with the school is inadequate to cover the balance of development fund. Thus, the development fund balance to the extent of available cash, bank balance and free fixed deposits with the school as on 31 Mar 2019, has been considered in the fund position of the school (enclosed in the later part of this order).

The school is directed to transfer amount equivalent to the depreciation from "Development Fund Utilised" account to Income and Expenditure Account as income to comply with the accounting and disclosure requirements of the guidance note. Also, the school is directed to utilise development only for purchase of furniture, fixture and equipment.

3. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admn. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them.

From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

Particulars	FY 2016-2017	FY 2017-2018	FY 2018-2019
Total No. of Students	495	530	557
No. of EWS Students	59	64	68
% of EWS students to Total Students	11.92%	12.08%	12.21%

While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

4. The Council of the Institute of Chartered Accountants of India, in terms of the decision taken at the 296th meeting held in June 2010 decided to extend the requirement to mention the firm registration number to all reports issued pursuant to any attestation engagement, including certificates, issued by the members as proprietor of/ partner in the said firm on or after 1 Oct 2010.

On review of the financial statements for FY 2017-2018 and FY 2018-2019 submitted by the school, it was noticed that the school did not submit the Receipt and Payment Account along with the financial statements. Further, it was noticed that the auditor certified the Balance Sheet and Income and Expenditure Account without mentioning the firm registration number. Therefore, the auditor did not comply with the relevant requirement prescribed the Institute of Chartered Accountants of India.

The school is directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India.

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 2019-2020 amounting to INR 3,02,88,712 out of which cash outflow in the year 2019-2020 is estimated to be INR 3,62,79,297. This results in net deficit of INR 59,90,585. The details are as follows:

Particulars	Amount in INR
Cash and Bank Balance as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	4,31,284
Investments (Fixed Deposits) as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	15,97,097
Total Liquid Funds Available with the School as on 31 Mar 2019	**20,28,381**
Add: Fees/Incomes for FY 2019-2020 (based on income reported in audited financial statements of FY 2018-2019) [Refer Note 1]	2,83,18,008
Add: Amount recoverable from Society on account of purchase of buses without compliance of Rule 177 of DSER, 1973 [Refer Financial Observation No. 1]	43,31,620
Gross Estimated Available Funds for FY 2019-2020	**3,46,78,009**
Less: FDR jointly with CBSE and DoE (as per audited financial statements of FY 2018-2019)	6,58,805
Less: Staff retirement benefits - Gratuity [Refer Financial Observation No. 2]	21,44,985
Less: Staff retirement benefits - Leave Encashment [Refer Financial Observation No. 2]	2,15,931
Less: Refund/Adjustment of increased fee collected from students during FY 2016-2017 to FY 2019-2020 [Refer Financial Observation No. 3]	0
Less: Development fund balance [Refer Other Observation No. 2]	13,69,576
et Estimated Available Funds for FY 2019-2020	**3,02,88,712**
Less: Budgeted Expenses for FY 2019-2020 (as per budget submitted by the school along with its fee increase proposal) [Refer Note 2]	3,62,79,297
Estimated Deficit	**59,90,585**

Notes:

1. Fees and incomes as per audited financial statements of FY 2018-2019 have been considered together with an increase of 15% in tuition fees approved by DOE w.e.f. 1 Apr 2019 vide Directorate's order No. F.DE.15 (227)/PSB/2019/1260-1264 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 with the assumption that the amount of income during FY 2018-2019 will at least accrue during FY 2019-2020.

2. Per the Budget Estimate for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR 3,95,96,182, which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered. Further, during review of budgeted expenses, certain discrepancies were noted in some of the expense heads, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2019-2020:

Expense Heads	Actual FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
Provision for Retirement Benefits	8,95,743	3,00,000	-	3,00,000	Refer Financial Discrepancy no. 2
Smart Class	-	4,91,400	-	4,91,400	The school did not provide any rationale or explanation for this new head of expense proposed by the school. Thus, the same has not been considered
EWS Uniform and Books	-	3,20,000	-	3,20,000	
Capital Expenditure (Out of Development Fund)	21,48,835	48,91,000	26,85,515	22,05,485	Capital expenditure restricted to the extent development fee collected during FY 2018-2019 has been considered as the development fund balance has been separately adjusted above.
Total	**30,44,578**	**60,02,400**	**26,85,515**	**33,16,885**	

ii. In view of the above examination, it is evident that the school does not have sufficient funds to carry on the operation of the school for the academic session 2019-20 on the existing fees structure. In this regard, the 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 discrepancies, that the sufficient funds are not available with the school to carry out its operations for the academic session 2019-20 therefore, the fee increase proposal of the school may be accepted.

AND WHEREAS, it has been noted that the School has paid INR 43,31,620 towards purchase of buses, which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. Thus, the School is directed to recover INR 43,31,620 from the Society. The receipt of the above amount along with the copy of the 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 issuance of this Order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Further, it has to be seen that after Covid, which has affected the society at large, financial sudden burden to some extent may be avoided. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 15% to be effective from 01 July 2022.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of sections 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 funds are not available with the School for meeting its financial implication for the academic session 2019-20. Therefore, Director (Education) has accepted 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 for enhancement of fee for session 2019-2020 of **Crescent Public School (School ID-1411217), Saraswati Vihar, Pitampura, New Delhi** has been accepted by the Director of Education and the school is hereby allowed to increase fee by 15% with effect from 01 July 2022.

Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. To increase the fee only by the prescribed percentage from the specified date.

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 order 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
Crescent Public School
School ID-1411217,
Saraswati Vihar, Pitampura,
New Delhi-110034

No. F.DE.15(756)/PSB/2022/4821-4825 Dated: 22/06/22

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-B) 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