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

No. F.DE.15(513) / PSB / 2022 / 2993-2997 Dated: 13/05/22

Order

WHEREAS, **DAV Centenary Public School, (School ID-1617177), Rohtak Road, Paschim Vihar, Delhi-110087,** (hereinafter referred to as **"the School"**), run by the **DAV College Trust and Managing 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-1617177), Rohtak Road, Paschim Vihar, Delhi-110087** 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 08.11.2019 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/2018/30833-837 dated 24.12.18 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 observations noted are as under:

A. Financial Observations

1. Clause 2 of the Public Notice dated 04.05.1997 states "*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 10.02.2005 issued by this Directorate states "Capital expenditure cannot constitute a component of the financial fee structure."

   As per 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 aforementioned provisions and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

   As per DoE Order no. F.DE-15(605)/PSB/2018/30833-837 dated 24.12.18 issued to the school post evaluation of the proposal for fee enhancement for FY 2017-18 the school has paid Rs. 3,12,85,313 to DDA in regard to unaccounted liability and to make the payment funds were received from the society. And same has been represented as interest free loan in books of accounts.

Further, from the ledger account of the Society maintained in the books of account of the school has also repaid Rs. 73,14,835 to the society against the loan, which is not in accordance with the provisions of Rule 177 of DSER, 1973. Also, school was directed to recover the same from society, however the same has not been recovered from the society. Therefore, the amount which is pending for recovery has been included while deriving the fund position of the school.

From review of the audited financial statements, it has been noted that in FY 2017-18 & 2018-19 school has repaid loan of Rs. 1,20,00,000 & 20,00,000 respectively. Further, the closing balance of land as on 31.03.2017 as per audited financial statements is INR 3,12,85,313 whereas as on 31.03.2018 the closing balance is INR 3,36,64,003. Hence the differential amount INR 23,78,690 seems to be an addition in land from school funds. Whereas in its books of accounts, school is presenting deficit/ losses. As per school submission, the school has outstanding salary arrears as per 7th CPC of Rs.2,08,75,400 until the end of the financial year 2018-19. Which means the school on the one side incurring expenditure of capital nature and on the other hand submitting the proposal for fee increase to Director of Education with the expectation to the get the fee hike indicates recovery of capital expenditure from the students. Which is clear example of the commercialisation and profiteering of education by the school.

In view of above, INR 2,36,93,525 (INR 73,14,835+ INR 1,20,00,000 + INR. 20,00,000 + INR.23,78,690) is recoverable from society. Accordingly, it has been included while deriving the fund position of the school with the direction to the school recover this amount from the society within 30 days from the date of issue of this order. Further, the school has proposed INR 20,00,000 towards repayment of loan in the budget for FY 2019-20. In view of the above the amount proposed has been disallowed from the budgeted expenses while deriving the fund position of the school.

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/13/957 dated 13.10.2017 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 repot 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 6,27,41,453 and INR 1,30,99,595 respectively. But the school has not recorded total liability towards gratuity and leave encashment in its audited financial statements. The details are as under.

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	6,27,41,453	3,15,91,948	3,11,49,505
Leave Encashment	1,30,99,595	1,85,00,650	(54,01,055)

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	5,00,92,598

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). Further, the school has proposed INR 70,68,673 towards gratuity and INR 30,29,434 towards leave encashment for the FY 2019-20 without depositing any amount in the plan assets in accordance with AS-15 despite being directed several times. Since the school has not deposited any amount in the plan assets in accordance with AS-15 and not complied with the directions given in order no. FDE15(670) PSB/2018/30833-37 dated 24.12.2018 issued for academic session 2017-18 and Order no. F.DE-15/Act-I/WPC-4109/Part/13/959 dated 13.10.2017 issued for academic session 2016-17. Therefore, the amount proposed towards gratuity and leave encashment have been restricted to the amount for gratuity and leave encashment actually paid by the school during financial year 2019-20 amounting to INR 52,37,208 and INR 10,81,934 respectively have been considered in the calculation of available fund of the school with the directions to comply within 30 days from the date of issue of this order.

Accordingly, the amount paid to DAVCMC of INR 5,00,92,598 is hereby added to the fund position of the school considering the same as funds available with the school and with the direction to invest the amount against liability for retirement benefits in investments that qualifies as 'plan-assets' in accordance with Accounting Standard 15 within the aforesaid period.

3. The submissions of the school regarding payment of administrative charges @ 4% of basic pay of staff were taken on record and included in Directorate's order issued post evaluation of fee increase proposal for academic session 2016-17. Further, the school was directed vide order no F.DE-15/Act-I/WPC-4109/Part/13/959 dated 13.10.2017 post implementation of the recommendations of 7th CPC, the school should not incur administrative charges beyond 2% of the basic salary. However, the audited financial statements of the school indicated that the school has paid administrative charges to DAV CMC @ 7% of basic salary from 2017-18 onward.

Thus, the school instead of reducing the administrative charges payable to DAV CMC @ 2% of basic salary, has increased to 7% of the basic salary payable the staff. The school has paid administrative charges in excess of the allowable rate to DAV CMC totalling to INR 85,37,497 is liable to be received from the society. Thus, amount of INR 85,37,497 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 society within 30 days from the date of issue of this order. The computation of administrative charges paid to DAV CMC has been provided below.

Particulars	FY 2017-18	FY 2018-19
Basic Pay	5,54,54,786	8,15,88,299
Total	**5,54,54,786**	**8,15,88,299**
Applied Rate	10%	7%
Administrative charges (as per applied rate) (A)	55,68,227	57,10,132
Allowable rate	2%	2%
Administrative charges (as per allowable rate) (B)	11,09,096	16,31,766
Difference (A-B)	44,59,131	40,78,366
Less: Administrative charges payable (as per audited financial statements)	-	-
Balance recoverable from Society	**44,59,131**	**40,78,366**

Thus, school has paid administrative charges over and above 2% of basic pay which resulted in excess payment of INR 85,37,497. The school is also directed to recover this amount from the DAV CMC within 30 days from the issue of this order.

Further, administrative charges budgeted by the school @7% of basic salary amounting to INR 63,08,500 for financial year 2019-20 has been restricted to 2% of the basis salary. Accordingly, the excess administrative charges amounting to INR 45,06,076 has not been considered while deriving the available fund of the school.

B. Other Observations

1. 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 Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999 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, Home science fees, pupil fees, stationary charges/ other 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	**Transport Fee**	**Pupil Fund**	**Science Fees**	**Home Science / Activity Fees**	**Computer Science Fees & Multimedia**	**Other Fees / Stationery Charges**
For the year 2016-17						
Fee Collected during the year (A)	71,50,700	38,70,920	11,20,580	63,33,450	90,37,790	70,66,220
Expenses during the year (B)	50,57,472	12,15,151		13,58,694	3,92,142	19,24,130
Difference for the year (A-B)	**20,93,228**	**26,55,769**	**11,20,580**	**49,74,756**	**86,45,648**	**51,42,090**
For the year 2017-18						
Fee Collected during the year (A)	67,63,450	40,26,200	12,61,920	68,78,650	91,65,000	73,15,590
Expenses during the year (B)	83,05,472	9,21,761	8,90,054	18,13,205	6,40,927	15,06,741
Difference for the year (A-B)	**(15,42,022)**	**31,04,439**	**3,71,866**	**50,65,445**	**85,24,073**	**58,08,849**
For the year 2018-19						
Fee Collected during the year (A)	61,41,800	40,46,755	10,44,330	67,24,835	87,96,630	71,00,350
Expenses during the year (B)	91,48,611	9,99,233	10,63,904	8,14,535	1,66,985	17,41,905
Difference for the year (A-B)	**(30,06,811)**	**30,47,522**	**(19,574)**	**59,10,300**	**86,29,645**	**53,58,445**
Total	**(24,55,605)**	**88,07,730**	**14,72,872**	**1,59,50,501**	**2,57,99,366**	**1,63,09,384**

Note

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

On the basis of aforementioned orders, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee).

Further, based on the fact that the fee head of 'pupil fund, activity fees & stationary charges' has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students, the school is directed not to collect pupil fund from students with immediate effect. Also, as per proposal of fee hike for academic session 2018-19 school is also charging Insurance charges from students.

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.

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. As per Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02. 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 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."*

As per, Para 102 of the aforementioned Guidance Note states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

(a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;
(b) Assets, such as investments, and liabilities belonging to each fund separately;
(c) Restrictions, if any, on the utilisation of each fund balance;
(d) Restrictions, if any, on the utilisation of specific assets."

During the evaluation of fee increase proposal, it was noted that the school had incurred expenditure of INR 23,78,690 for purchase of Land during the financial year 2017-18 and presented the same as utilisation of development fund in its audited financial statements which is not in accordance with the direction of clause 14 of the order dated 11.02.2009. Also, the school incurred the above expenditure without complying the requirements prescribed in Rule 177 of DSER, 1973 and in contravention of Clause 2 of the Public Notice dated 04.05.1997. Accordingly, INR 23,78,690 has considered in financial observations no. 1 with the direction to the school to recover this amount from the society within 30 days from the date of this order.

On review of audited Financial Statements of the school for FY 2016-17, 2017-18 & 2018-19, has noted that the school has utilised development fund for purchase of library books of INR 2,70,660, INR 2,72,041 and INR 1,37,912 respectively which is not in accordance with the direction of clause 14 of the order dated 11.02.2009. Moreover, the school has utilised development fund for purchase of car in the FY 2016-17 for INR 12,84,000. Thus, the school is directed to ensure that the development fund is utilised only for purchase, upgradation and replacement of furniture, fixtures and equipment."

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.

On review of audited Financial Statements of the school for FY 2017-18 & 2018-19, it was noted that, 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 2017-18 & 2018-19 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve.

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. The school is directed to follow DOE instruction in this regard and maintain separate bank account for deposit and utilization of development fund. Further, the school should ensure that development fund is utilised only towards purchase of furniture, fixture, and equipment.

3. 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.

4. 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 379th 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 finding therefore, the school management are instructed to ensure this compliance from the Auditor of the school.

5. As per the Directorate's order no. FDE15(670) PSB/2018/30833-37 dated 24.12.2018 issued for academic session 2017-18, it was observed that the school has increased the fee during the first quarter of FY 2016-17 and the school explained that it has already adjusted increased fee during the FY 2016-17 and FY 2017-18. However, the school has not provided complete details of regarding adjustment/ refund of increased fee to the students.

   During the evaluation of fee increase proposal for the FY 2019-20, the school was asked to provide fee reconciliation statements for FY 2016-17, FY 2017-18 and FY 2018-19 and the clarification on increased fee as per previous order. However, the school has failed to provide the requisite details and clarifications. In absence of information, no financial impact has been given in the fund position of the school.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the year 2019-20 amounting to **INR 32,76,63,228** out of which cash outflow in the year 2019-20 is estimated to be **INR 20,19,26,000**. This results in net surplus of **INR 12,57,37,228**. The details are as follows:

Particulars	Amount
Cash and Bank balances as on 31.03.18 (as per audited Financial Statements of FY 2017-18)	4,13,76,226
Investments (Fixed Deposits) as on 31.03.18 (as per audited Financial Statements of FY 2017-18)	6,10,13,210
Investment with DAV CMC as on 31.03.2018 (as per audited Financial Statements of FY 2017-18) **(Refer financial observation No. 2)**	5,00,92,598
Liquid Fund as on 31.03.2019	**15,24,82,034**
Add: Recovery of loan repaid to society **(Refer Financial Observations No.1)**	2,36,93,525
Add: Recovery of excess payment of administrative charges **(Refer Financial Observations No.3)**	85,37,497
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 as well.	14,66,95,447
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 as well.	1,02,44,352

Particulars	Amount
Gross Available funds for 2019-20	**34,16,52,855**
Less: Development fee collected during the year **(Refer Note 1 below)**	97,34,965
Less: Caution Money as on 31.03.2018 **(Refer Other Observation No.4)**	-
Less: FDR balance with DOE **(as per school's submission)**	42,54,662
Less: Retirement benefits **(Refer note 2 below)**	-
Estimated availability of funds for FY 2019-20	**32,76,63,228**
Total cash outflow (Refer 3 to 5 below)	18,10,50,600
Less: Arrears of salary as per 7th CPC (Refer Note 6 below)	2,08,75,400
Cash Surplus/(Deficit)	**12,57,37,228**

Note 1: Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16.04.2010 states "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." Over several years, the school has accumulated development fund and has reflected the closing balance of INR 2,68,30,444 in its audited financial statements of FY 2018-19. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school for meeting the financial implication of 7th CPC to be implemented by the school. However, development fund equivalent to amount collected in the financial year 2018-19 i.e. INR 97,34,965 from students has been considered for deriving the fund position of the school. Which is considered sufficient basis the spending pattern of the school in past.

Note 2: As per financial observation no. 2, the school has not deposited any amount to LIC or similar agency towards gratuity and leave encashment despite being instructed several times by the department. Accordingly, the amount proposed by school INR 70,68,673 towards gratuity and INR 30,29,434 towards leave encashment for the FY 2019-20 has been restricted to actual pay out i.e INR 63,19,142 while deriving fund position of the school.

Note 3: As per order no FDE15(670) PSB/2018/30833-37 dated 24.12.2018 issued for academic session 2017-18, school was directed not to charge more than 2% of basic salary as administrative charges. However, it has been noted that for FY 2019-20 school has budgeted INR 63,08,500 as administrative charges payable to DAV CMC which comes to 7% of the basic salary. Therefore, in line with the previous direction, the amount proposed by the school is restricted to INR 18,02,424 i.e. 2% of the basic salary payable to the staff.

Note 4: The school has proposed INR 20,00,000 for repayment of loan has not considered while deriving the fund position of school (Refer Financial Observations No.1).

Note 5: On review of budget submitted by the school for FY 2019-20 it has been observed that the School has budgeted following expenditures in excess of 110% of the actual expenditure incurred in FY 2018-19. During the personal hearing the school was asked to submit proper justification for such substantial increase under these expenditures. However, the school has not provided the basis and rational which warrants for such unusual increase. Therefore, considering the rise in inflation these expenditures have been considered to 110% of the actual expenditure incurred during the FY 2018-19 while deriving the fund position. The details of these expenditure are as under.

Particulars	FY 2018-19	FY 2019-20	Net Increase/ (Decrease)	% Change	Amount Disallowed
Property Tax	2,23,843	10,10,000	7,86,157	351%	7,63,773
Telephone Expenses	44,719	2,50,000	2,05,281	459%	2,00,809
Staff Welfare	3,59,335	12,85,000	9,25,665	258%	8,89,732
Co-curricular Expenses	1,49,404	6,50,000	5,00,596	335%	4,85,656
Printing & Stationery	9,27,637	15,40,000	6,12,363	66%	5,19,599
Advertisement and Publicity	90,524	1,35,000	44,476	49%	35,424
Building Maintenance	18,73,590	40,90,000	22,16,410	118%	20,29,051
Computer Expenses	1,66,985	6,25,000	4,58,015	274%	4,41,317
Total	**38,36,037**	**95,85,000**	**57,48,963**		**53,65,359**

Note 6: The school has implemented VII CPC with effect from 1.04.2017 and the school has started paying regular salaries as per 7th CPC from 01.03.2018 onwards. The school has proposed arrears as per 7CPC amounting to INR 2,08,75,400 has been considered while evaluating the fund position of 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 at 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 were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural observations which were also noted (appropriate instructions against which have been given in this order), that the sufficient funds are available with the school to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

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

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 the academic session 2019-20 of **DAV Centenary Public School, (School ID-1617177), Rohtak Road, Paschim Vihar, Delhi-110087** 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. PUBLIC SCHOOL
School ID 1617177
Rohtak Road, Paschim Vihar, Delhi-110063

No. F.DE.15(5/3) / PSB / 2022 / 2993 - 2997 Dated: 13/05/22

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 (West B) 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