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

No. F.DE.15(518)/PSB/2022/ 3018-3022 **Dated:** 17/05/22

ORDER

WHEREAS, **St. Peter's Convent (School ID-1618231), Block-C, Vikas Puri, New Delhi-110018** (hereinafter referred to as "**the School**"), run by the Vikas Educational 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 2018-19, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity to be heard on 22.11.2019 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. No. F.DE.15(182)/PSB/2019/1095-1099 dated 14 Mar 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. Authenticity of Audited Financial Statements

1. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st Jul.

On account of number of complaints received by the Institute of Chartered Accountants of India (ICAI) regarding signatures of Chartered Accountants (CAs) are being forged by non-CAs and corresponding findings by ICAI that financial documents/certificates attested by third person misrepresenting themselves as Chartered Accountants (CA) are misleading the Authorities and Stakeholders, ICAI, at its 379th Council Meeting, made generation of Unique Document Identification Number (UDIN) mandatory for every signature of Full time Practising Chartered Accountants in phased manner for the following services:

- All Certificates with effect from 1 Feb 2019
- GST and Income Tax Audit with effect from 1 Apr 2019
- All Audit and Assurance Functions with effect from 1 Jul 2019

Therefore, generation of UDIN has been made mandatory for all audit and assurance functions like documents and reports certified/ issued by practising Chartered Accountants from 1 Jul 2019. The UDIN System has been developed by ICAI to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Regulators.

Further, ICAI issued an announcement on 4 Jun 2019 for the attention of its Members with the requirement of mentioning UDIN while signing the Audit Reports effective from 1 Jul 2019, which stated "*With a view to bring uniformity in the manner of signing audit reports by the members of ICAI, it has been decided to require the members of ICAI to also mention the UDIN immediately after the ICAI's membership number while signing audit reports. This requirement will be in addition to other requirements relating to the auditor's signature prescribed in the relevant law or regulation and the Standards on Auditing.*"

The financial statements for FY 2018-2019 submitted by the school along with Audit Report dated 27 Jul 2019 signed by Chartered Accountants did not cite UDIN, as mandated by ICAI. Therefore, authenticity of the audit and that of the financial statements for FY 2018-2019 submitted by the school could not be verified.

Further, on review of the final accounts submitted by the school, it was noted that the receipt and payment accounts were stamped by the auditor without any date and no opinion thereon was included in the audit report. The auditor only gave his opinion on the true and fair view on:

- In the case of the Balance Sheet, of the state of affairs as at 31 Mar 2019
- In case of the Income & Expenditure Account, of the deficit for the year ended on that date.

Thus, the auditor did not give his opinion on the receipt and payment account. The school did not provide reasonable justification for auditor's non-inclusion of receipt and payment account in his audit opinion.

While the school has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, these financial statements for FY 2018-2019 have been taken on record by the Directorate and the same have been considered for evaluation of the fee increase proposal of the school for the academic session 2019-2020 assuming the same as unaudited/provisional financial statements.

The school is directed to confirm from the auditor whether UDIN was generated in respect of the audit opinion issued by the auditor on the financial statements of the school for FY 2018-2019. If it was generated, the same should be mentioned by the school in its compliance report. In case, UDIN was not generated by the auditor, the school is directed to seek explanation from the auditor for not complying with the requirements notified by ICAI and get the said audit report and financial statements verified from the Institute of Chartered Accountants of India for its authenticity and validity.

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

2. On examination of the financial statements of FY 2017-2018 and FY 2018-2019 submitted by the school, it was noted the financial statements were not appropriately authenticated by the representatives of the school, since some of the schedules were signed by only one representative of the school. Thus, the authenticity of the financial statements and financial information included therein cannot be confirmed.

   The school is directed to ensure that the entire set of financial statements (all pages including Schedules) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.

B. Financial Observations

1. 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, upgradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.*"

   As per direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same except in compliance with Rule 177 of DSER, 1973.

   Rule 177 of DSER, 1973 *states "(1) 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 managing committee for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:*

- *award of the 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.*

(2) The savings referred to in sub-rule (1) 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 development nature,
(c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or 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."

Directorate Order No. F.DE.15(182)/PSB/2019/1095-1099 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that as per audited financial statements for the FY 2015-2016 and FY 2016-2017, the school had made capital expenditure on building amounting to INR 1,30,88,632 (INR 1,00,91,410 in FY 2015-2016 and INR 29,97,222 in FY 2016-2017) out of the development fund, which was not reflected under fixed assets. The school was instructed in the said order to recover this amount of INR 1,30,88,632 from the society.

It was further noted that the school incurred expenditure during for FY 2017-2018 and FY 2018-2019 on upgradation of building out of development funds totalling to INR 32,12,920 (INR 24,20,329 in FY 2017-2018 and INR 7,92,591 in FY 2018-2019), which was an expenditure of developmental nature. However, the same was incurred on the building without complying the requirements prescribed in Rule 177 of DSER, 1973.

Based on the fact that the school did not implement the recommendations of 7th CPC, did not even get its liability towards retirement benefits (gratuity and leave encashment) of staff valued from an actuary in accordance with the requirements of Accounting Standard 15 until 26 Apr 2019 i.e. the first time actuarial valuation was obtained by the school and did not secure the funds against staff gratuity and leave encashment in plan assets, the school did not comply with the requirements of Rule 177 (1) i.e. "*Income derived by an unaided utilized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances, and other benefits admissible to the employees of the school*".

Therefore, the amount spent by the school towards expenditure of developmental nature on building, which was reported by the school as spent out of development fund in non-compliance of clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 and without meeting the requirements of Rule 177, totalling to INR 1,63,01,552 (INR 1,30,88,632 plus INR 32,12,920) is liable to be received from the society. However, on analysis of the financial statements submitted by the school, it was noticed that the school reflected interest free loan from the Society of INR 16,01,890 as on 31 Mar 2019. Thus, the amount already received from the Society has been adjusted from the total amount quantified above and net amount of INR 1,46,99,662 (INR 1,63,01,552 minus

INR 16,01,890) is hereby added in the fund position (enclosed in the later part of the order) with the direction to the school to recover the same from the Society within 30 days from the date of this order. Also, since the amount already received from the society has been adjusted from the amount to be recovered, the school is directed to adjust the amount reported in its financial statements as interest free loan from society to the tune of INR 16,01,890 and the same should not be presented as loan payable.

The school is further directed to follow DOE instruction and ensure that development fund is utilised only towards purchase, upgradation and replacement of furniture, fixture and equipment. Also, the school is directed not to incur developmental expense on building without ensuring compliance of Rule 177.

2. According to para .147 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*Plan assets comprise:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies.*"

The school was directed through directorate's Order No. F.DE.15(182)/PSB/2019/1095-1099 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 to obtain actuarial valuation in respect of its liability towards gratuity and leave encashment, create provisions for the same in its books of account and earmark investments with LIC or other agency so as to protect statutory liabilities.

On review of the financial statements for FY 2018-2019, it was noted that the school has made a total provision of INR 33,45,130 and INR 21,41,675 towards gratuity and leave encashment respectively as on 31 Mar 2019 in accordance with the actuarial valuation report dated 26 Apr 2019 obtained by the school for measuring its liability towards gratuity and leave encashment as on 31 Mar 2019. Though the school has obtained actuarial valuation towards gratuity and leave encashment, it has not deposited any amount in investments that qualify as plan assets (i.e. group gratuity and leave encashment policies of LIC or other insurer) to earmark funds towards statutory liabilities of gratuity and leave encashment of staff.

Also, it was noticed that number of staff mentioned in the actuarial valuation report were only 19, based on which the actuary determined the liability towards gratuity, whereas the school provided a detail of 32 staff in its staff statement. Thus, it indicates that the school underreported the number of staff to the actuary with a corresponding impact on the actuarial valuation derived by the actuary for gratuity. Thus, resulting in probable lower determination of liability towards gratuity by the actuary.

The school has not earmarked funds towards staff retirement benefits, while it has incurred expenditure on building without complying the requirements of Rule 177. Based on the fact that the school has not deposited any amount in plan-assets, the same has not been considered while deriving the fund position of the school (enclosed in the later part of the order).

The school is directed to ensure that its liability towards gratuity and leave encashment is determined based on complete and accurate details of staff. Also, the school is directed to start depositing funds in investments that qualify as 'plan-assets' in accordance with Accounting Standard 15 in order to secure funds towards staff gratuity and leave encashment.

Further, the school has budgeted INR 2,87,234 and INR 1,45,000 as amount payable to staff towards gratuity and leave encashment respectively in the FY 2019-2020, which has been considered as part of the budgeted expense for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of the order).

3. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

   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 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, 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 is noted that the school charges earmarked levies in the form of Activity fees, Software charges, Smart class fee and Examination fees from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been incurring loses (deficit) from earmarked levies, which was also mentioned in Directorate Order No. F.DE.15(182)/PSB/ 2019/1095-1099 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018. 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
Activity Fees	5,98,335	-^	5,98,335
Software Charges	4,10,640	4,11,364	(724)
Smart Class Fee	21,04,710	21,38,659	(33,949)
Examination Fee	5,00,127	11,37,672	(6,37,545)

^ School mentioned that the activity fee is utilised for various expense heads and cannot be identified separately.

Based on the aforementioned, 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). From the financial statements for FY 2017-2018 and FY 2018-2019, it was noted that the school is charging earmarked levy in the name of Software charges, Smart class fee and Examination fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on the nature of the Software charges, Smart class fee and Examination fee and details provided by the school in relation to expenses incurred against the same, the school should not have charged such fee as the expense against the same should have been met from Annual Charges already collected from students.

The school was directed vide Order No. F.DE.15(182)/PSB/2019/1095-1099 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 not to collect Software charges, Smart class fee and Examination fee. However, the school has continued to collect such levies from students. Accordingly, the school is again directed to stop collecting Software charges, Smart class fee and Examination fee from the students with immediate effect.

The school is also directed to maintain separate fund account for each earmarked levy depicting clearly the amount collected, amount utilised and balance amount. Unintentional surplus, if any, generated from earmarked levies must 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.

C. Other Observations

1. 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 Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 "*The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

   Directorate Order No. F.DE.15(182)/PSB/2019/1095-1099 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school is charging depreciation as per the depreciation rates prescribed under the Income Tax Act, 1961, instead of the rates specified in Appendix 1 to the Guidance Note 21 issued by the Institute of Chartered Accountants of India. It was further noted from the financial statements of FY 2018-2019 that the school has continued to charge depreciation as per the depreciation rates prescribed under the Income Tax Act, 1961 and has not complied with the directions given above.

   Also, basis the presentation made in the financial statements for FY 2018-2019 submitted by the school, it was noted that the school has not followed the accounting treatment of recognition of income equivalent to the amount of depreciation charged as indicated in the guidance note cited above.

   The school is instructed to make necessary rectification entries relating to development fund utilised and to comply with the accounting treatment indicated in the Guidance Note including charging depreciation as per the rates prescribed in the Guidance Note.

2. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of 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.*"

   Directorate Order No. F.DE.15(182)/PSB/2019/1095-1099 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school is refunding caution money to the student at the time of his/her leaving without interest thereof.

   From the financial statements of FY 2018-2019, it was further noted that the school has not refunded interest on caution money along with the refund of caution money in FY 2018-2019. Thus, the school did not follow DOE instruction in this regard.

   The school is directed to ensure that caution money is kept deposited in a separate bank account and the same is refunded to students along with interest at the time of leaving the school. Also, the school should credit the interest earned on caution money balance in caution money payable account.

The amount to be refunded to students towards caution money, as per the financial statements for FY 2018-2019, has been considered while deriving the fund position of the school.

3. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, differences were noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school.

   Following differences were derived based on the computation of FY 2018-2019:

Particulars	**Income reported in Income & Expenditure Account (A)**	**Fee computed on the based-on details no. of students provided by the school (B)**	**Derived Difference (C)=(A-B)**	**% Difference (D)=(C/B* 100)**
Tuition fee	2,48,54,750	2,34,67,284	(13,87,466)	6%
Development fee	37,30,127	35,22,300	(2,07,827)	6%
Annual fee	27,70,103	26,14,070	(1,56,033)	6%
Smart class	21,04,710	18,01,224	(3,03,486)	17%
Software Charges	4,10640	3,87,360	(23,280)	6%
Examination Fee	5,00,127	4,69,296	(30,831)	7%

   The school should perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school. Compliance of the same would be checked at the time of evaluation of subsequent fee increase proposal.

   Since the reconciliation is to be prepared and provided by the school, no adjustment has been made in the fund position of the school (enclosed is the later part of the order).

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 5,15,09,167 out of which cash outflow in the year 2019-2020 is estimated to be INR 4,64,00,466. This results in net surplus of INR 51,08,701. The details are as follows:

Particulars	**Amount (INR)**
Cash and Bank Balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	3,43,102
Investments (Fixed Deposits) including accrued interest as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	2,09,601
Total Liquid Funds Available with the School as on 31 Mar 2019	**5,52,703**

Particulars	Amount (INR)
Add: Fees/Incomes for FY 2019-2020 (based on income reported in financial statements of FY 2018-2019) [Refer Note 1]	3,67,45,074
Add: Amount recoverable from society towards expenditure of developmental nature incurred on building out of development fund during FY 2015-2016 to FY 2018-2019 [Refer Financial Observation No. 1]	1,46,99,662
Gross Estimated Available Funds for FY 2019-2020	**5,19,97,439**
Less: Development Fund Balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	84,772
Less: Caution Money (as per financial statements of FY 2018-2019)	4,03,500
Less: Retirement Benefits [Refer Financial Discrepancy No. 2]	-
Net Estimated Available Funds for FY 2019-2020	**5,15,09,167**
Less: Budgeted Expenses for FY 2019-2020 (as per budget submitted by the school along with its fee increase proposal) [Refer Note 2]	3,85,37,570
Less: Arrears of salary as per 7th CPC for the period Apr 2018 to Mar 2019 [Refer Note 3]	32,14,011
Less: Arrears of salary as per 7th CPC till Mar 2018 [Refer Note 4]	46,48,885
Estimated Surplus as on 31 Mar 2020	**51,08,701**

Notes:

1. Fees and incomes based on those reported in financial statements of FY 2018-2019 have been considered (after adjusting fee reimbursement of EWS students for FY 2017-2018 of INR 7,86,216 (since 2 year's reimbursements were recorded as income during FY 2018-2019), Grant from Samagra Shiksha Abhiyan of INR 1,792 (non-recurring income), non-cash incomes in the form of unclaimed caution money written back of INR 2,57,000 and reversal of excess provision of INR 15,06,070) 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 4,49,41,343, 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 expenses budgeted by the school, which were adjusted from the budgeted expenses.

Particulars	Actuals FY 2018-2019	Budgeted FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
Salaries - Teaching Staff	1,04,96,431	1,81,28,128	1,36,45,360	44,82,768	The school did not provide adequate details for computation of salary as per 7th CPC for the FY 2019-2020. The
Salaries – Non-teaching Staff	23,59,614	38,93,631	30,67,498	8,26,133	

Particulars	Actuals FY 2018-2019	Budgeted FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
					increase budgeted by the school seems unreasonably high. In absence of detailed computation, an amount equivalent to 130% of the salary expense for FY 2018-2019 has been considered and balance increase has not been allowed.
Different Capital Items (Out of Development Fund)	28,97,372	48,25,000	37,30,127	10,94,873	Capital expenditure to the extent development fee collected has been considered as the development fund balance has been separately adjusted above.
Total	**1,57,53,417**	**2,68,46,759**	**2,04,42,985**	**64,03,774**	

3. The school did not provide adequate details for computation of salary as per 7th CPC for the FY 2018-2019, which the school budgeted as INR 2,03,77,407 an increase of 59% on the actual salary expense for FY 2018-2019. Considering the increase proposed under 7th CPC compared with 6th CPC, the percent increase budgeted by the school seems unreasonably high. In absence of detailed computation, an amount equivalent to 25% of the actual salary paid by the school during FY 2018-2019 i.e. INR 32,14,011 has been considered as the impact of 7th CPC for FY 2018-2019.

4. The school had proposed salary arrears of INR 1,00,24,771 in the budget for FY 2017-2018 which was 65% of the salary paid in FY 2016-2017. It was noted that this substantial increase was due to partial implementation of the recommendation of 6th CPC as the school was paying DA @ 80% instead of 125% of the basic pay. Therefore, arrears of salary till

Mar 2018 has been restricted to 30% of the actual salary paid by the school in FY 2016-2017 which comes to be INR 46,48,885 and excess amount of INR 53,75,886 has not been considered in the evaluation of fee increase proposal.

ii. In the view of the above evaluation, it is evident that the School has sufficient fund to carry out its operations at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 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.*"

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, certain financial observations that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2019-20 are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 1,46,99,662 towards construction of Building, 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 1,46,99,662 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, the 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 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 its 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 for enhancement of fee for session 2019-2020 of **St. Peter's Convent (School ID-1618231), Vikas Puri, New Delhi** has been rejected by the Director of 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 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
St. Peter's Convent
School ID-1618231
Vikas Puri,
New Delhi-110018

No. F.DE.15(518)/PSB/2022/ 3018-3022

Dated: 17/05/22

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) 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