

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

No. F.DE.15 (659)/PSB/2022/4045-4049

Dated: 03/06/22

ORDER

WHEREAS, Vandana International School (School ID-1821205), Sector-10, Phase-I, Dwarka -110075 (hereinafter referred to as "the School"), run by the Ved Educational Welfare 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, 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 para's 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 the DOE, the **Vandana International School (School ID-1821205), Sector-10, Phase-I, Dwarka -110075**, submitted the proposal for fee increase 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, 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 2019-2020, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 24 October 2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During the aforesaid hearing compliances against order no. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 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 together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key observations and status of compliance against order no. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

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

Moreover, Rule 177 of DSER, 1973 states "income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, 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.

Based on the above provisions, the income of the school should be utilised for meeting pay and allowances including other benefit payable to the employees of the school at first instances. Provided if, there is saving the same may be utilised by the school for meeting the *capital and contingent* expenditure of the school. And that the saving referred above should be accrue to the school incidentally not intentional. Since, the school has also been allowed to collect the development fee up to 15% of the tuition fee for meeting the cost relating to purchase, upgrade and replacement of Furniture, Fixtures and equipment while cost relating to the building and land is to be borne by the society. As the school is being run by the society on "no profit no loss" basis, and therefore, the school cannot adopt unfair practice while determining its fee structure i.e. fee structure cannot include the cost relating to capital expenditure.

On review of the audited financial statements of the FY 2017-18 and 2018-19, it has been noted that school has done addition for INR 22,37,000 and INR 45,000 under the head 'Vehicle' by taking loan and paid the financial cost as well.

Similar observation was also noted in Order no. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued to the school post evaluation of fee increase proposal for FY 2017-18, wherein the school was directed recover INR 69,14,513 from the society for amount paid on purchase of buses (Rs 1,01,07,877 less o/s loan amount of INR 31,93,363).

Accordingly, the cost of vehicle amounting to INR1,06,15,151 (buses and vans) which was met out of the school funds without complying the Rule 177 is hereby added to fund position of the school while deriving the fund position of the school. The computation of school funds which was utilised by the school for purchase of vehicle has been tabulated below:

Financial Year	Purchase Price (in INR)	Interest on Loan (in INR)	Total (in INR)
2013-14	3,23,950	8,92,802	12,16,752
2014-15	30,69,925	3,40,159	34,10,084
2015-16	6,49,440	2,91,906	9,41,346
2016-17	42,09,450	3,30,245	45,39,695

2017-18	22,37,000	2,63,026	25,00,026
2018-19	45,000	2,06,225	2,51,225
Total	1,05,34,765	23,24,363	1,28,59,128
Less: Balance of Loan on March'19			22,43,977
School Fund used for purchase of Vehicles (buses and Vans)			1,06,15,151

Further, school is charging transport fee which is not even adequate to cover revenue (operating) expenses for providing the transport service to students, school cannot utilise school funds for providing service that is for specific users i.e. transport service. Also, such purchase is in contravention of the requirements mentioned in Rule 177 of DSER, 1973.

As per explanation provided during the personal hearings and documents submitted in response to hearing, the vehicles were purchased to meet the needs of the school which implies that the school has been purchasing vehicles and submitting proposals for increase of fee. Which in turn means that the schools is including capital expenditure as a component of the fee structure of school.

In view of this, the aforesaid explanations provided by the school does not justify the basis for allowing the expenditure incurred on purchase of bus.

It was also noted from the representation submitted by the school against the DoE's Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019, wherein the school has stated "*as the school is running in deficit and cannot afford to implement the recommendation of 7th CPC with effect from January 2016 and thinking to implement the same with effect from April 2019*". Thus, the contention of the school to purchase the vehicle out the school funds without complying the provision of Rule 177 is not correct.

Since, the school has not recovered any amount from society as directed in Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019, accordingly, the cumulative amount of INR 1,06,15,151 spent by the school on purchase of buses and vans from school funds (as per table above) is hereby added to the fund position of the school 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 the order.

Therefore, the school is again directed to ensure that capital assets are not procured from school funds unless savings are derived in accordance with Rule 177 of DSER, 1977.

2. Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*"

Further, according to para 7.14 of the Accounting Standard 15 "*Plan assets comprise:*

- (a) *Assets held by a long-term employee benefit fund; and*
- (b) *Qualifying insurance policies.*

From the audited financial statements of FY 2018-19, it was noted that the school has reported liability towards gratuity & leave encashment for INR 76,75,208 & INR 17,24,149 respectively in its audited

financial statements. However, the school has not deposited any amount in investments that qualifies as 'Plan Assets' in accordance with Accounting Standard 15.

Further, Directorate through its Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued post evaluation of proposal for fee hike for FY 2017-18, wherein school was directed to create investments with LIC (or other insurer) over a period of 5 years equivalent to the amount of liability determined by the actuary.

The representation submitted by the school against the observations noted in the previous year's order has been taken on record. During the personal hearing as well as in its representation, the school explained that no funds are available with the school for making investment in plan assets. The school further submitted that full liability toward gratuity and leave encashment cannot be denied merely on the fact that the school has not invested amount in plan assets. On analysis of the whole representation made by the school prima facie it appears that school is twisting the provisions of the Act/ Rules and prescribed accounting principles in the manner suited to it. For example, at the one place the school argued that purchase of the vehicles (refer point no 1 above) was in accordance with the provisions of Acts/ Rules and at the same time it is mentioning that it could not invest any amount in plan assets for gratuity and leave encashment due to non-availability of the funds with the school.

Since, the school has not invested equivalent amount of its liability in plan asset within the meaning of AS-15 as directed. Therefore, 20% of the amount determined by the actuary (i.e. INR 11,75,451 towards gratuity and INR 2,27,239 towards leave encashment) as allowed in the previous year's order of FY 2017-18 has been considered while deriving the fund position of the school with the direction to the school to invest 20% of the liability determined by the actuary towards retirement benefits within 30 days from the date of issue of this order and the balance amount of liability in the subsequent years. It is also directed to the school that no further allowance will be given to the school in the subsequent years until they invest the equivalent amount as calculated in the actuarial report in order to protect the statutory liability towards staff. Further, the expenditure proposed by the school amounting to INR 20,00,000 towards gratuity and leave encashment has not been considered to avoid the duplicity.

B. Other Observation

1. 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, 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 & smart fees from students. However, fund based accounting has not been adopted for the same *"i.e. 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)."* The school has been generating surplus/(deficit) from earmarked levies. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17 to 2018-19 are given below:

Particulars	Smart/ Intel Fees	Transportation Fees [^]
For the year 2016-17		
Fee Collected during the year (A)	35,85,363	1,77,92,347
Expenses during the year (B)	30,04,619	1,83,91,050
Difference for the year (A-B)	5,80,744	-5,98,703
For the year 2017-18		
Fee Collected during the year (A)	37,45,650	2,04,37,131
Expenses during the year (B)	30,04,619	2,26,52,340
Difference for the year (A-B)	7,41,031	-22,15,209
For the year 2018-19		
Fee Collected during the year (A)	37,47,800	2,16,37,619
Expenses during the year (B)	41,20,343	2,17,60,289
Difference for the year (A-B)	-3,72,543	-1,22,670
Total	9,49,232	-29,36,582

[^] Based on the details provided by the school, it could not be determined whether the above expenditure includes salary cost relating to driver and conductor or not.

Based on the 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). Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fees.

The school is hereby directed to 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 in earmarked levies. Also transfer the expenditure & income from "restricted fund account" to "Income & Expenditure".

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

2. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 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."*

Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued post evaluation of proposal for fee hike for FY 2017-18, wherein it was noted that the school had incurred expenditure on purchase of library books of INR 41,661 during FY 2016-17 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-17. The aforesaid purchase was not in accordance with clause 14. Further, it was noted that, school was not crediting the interest earned in the bank account for development fund as capital receipt rather the school treated it as income and reported the same in the Income and Expenditure Account. In the above-mentioned order school was directed to follow DoE instruction in this regard and ensure interest earned on development account as capital receipt.

On review of Financial statements for FY 2017-18 and FY 2018-19, it has been noted that the school has not complied with the directions of aforesaid order and treating the interest earned on development fund as revenue receipts instead of capital receipt. Thus, the school is directed to treat interest earned on the development fund bank account as capital receipt and credit the same to development fund account.

3. As per Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued post evaluation of proposal for fee hike for FY 2017-18, it was noted that the school delayed in depositing of statutory dues of tax deducted at source (TDS) in accordance with the provisions the Income Tax Act, 1961. Instances of delays (5 out of 12 months) were also noted during FY 2016-17. The school mentioned that in future TDS will be deposited with the Income Tax Department within the prescribed time lines and extra care will be taken in this regard in future. The school was directed to adhere to all statutory compliances including timely payment of statutory dues. Based on the representation made by the school, the school has accepted that going forward it will ensure with all the statutory compliance.
4. As per Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued post evaluation of proposal for fee hike for FY 2017-18, it was noted that the school has no defined procedure to write-off old/obsolete items. It was recommended that there should be a committee to carry out the physical verification and write-off obsolete/missing items. The school mentioned that it is in the process of defining the process and would implement the same in FY 2018-19.

Also, it was noted that the school is not maintaining fixed asset register (FAR). The school should prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

On review of submission of documents made at the time of personal hearing, it was noted that school has not submitted compliance of above-mentioned order relating to procedure to write off old/obsolete items as well as for maintenance of fixed asset register. Hence, the school is redirected to comply with the directions given by producing procedure for writing off such old/obsolete items and by updating the FAR with relevant details mentioned above according to the process for periodic physical verification of assets and document the results of physical verification of assets as the same shall be verified at the time of evaluation of fee hike proposal for subsequent year as the school has also accepted in its representation that it will comply with the aforesaid direction.

5. On review of submissions of documents made by the school for evaluation of fee hike for FY 2019-20, It has been noted that the school does not have any policy of procurement and there was no process of calling bids/quotations from the vendor. The school also explained that it is following the procurement process as laid down by its society against which no policy/procedure documents were submitted by the school. Also, no documents regarding the procurement process carried out for awarding the contracts during FY 2019-20 were made available.

Similar, observation was noted in Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued against evaluation of proposal for fee hike for FY 2017-18.

Hence, the school is again directed to implement proper internal control system in relation to procurement of goods and services so as to ensure that contracts are awarded on arms' length and competitive prices only.

6. Order No. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued against evaluation of proposal for fee hike for FY 2017-18 stated that observations were noted while doing the inspection of the school which were as under:

- The gate entry on purchases were not stamped on the bills/invoices. There is no procedure to maintain such record at the school gate.
- Proper stock/consumable records were not maintained by the school. The details of issue of materials were not properly filled in the consumable records. Also, the folio on which such stock entry has been recorded in the stock record was not mentioned on the bills/invoices.
- The quantity of sports goods, lab items etc were not mentioned in the assets/stock register.

The school did not provide any evidence in respect of rectification of discrepancies noted above neither they have produced any documents in support of strengthening of its internal control system. The school was again directed to implement proper control system in relation to receipt and issue/utilisation of stock and consumables so as to ensure a correct inventory of items at any particular date.

On review of submission made at the time of personal hearing for evaluation of fee hike proposal for FY 2019-20, the school did not produce any supporting with respect to compliance of the aforesaid directions. Therefore, the School is redirected to provide documents in compliance of the directions made and the same will be verified at the time of evaluation of proposal for subsequent year.



7. As per Section 18(5) of the DSEA, 1973, the management committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed.

Further, Rule 180 of DSER, 1973 states “ (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31 July of each year.(3) The account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India”

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

Whereas Appendix-II to Rule 180 specify that “final accounts i.e. receipts, and payment account, income and expenditure 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. 1.02.2019.
- All GST & Tax Audit Reports w.e.f. 1.04.2019.
- All other attest functions w.e.f. 1.07.2019.

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.

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 available funds for the year 2019-20 amounting to INR 13,51,76,642 out of which cash outflow in the year 2019-20 is estimated to be INR 14,17,94,227. This results in deficit amounting to INR 66,17,585. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.19 as per Audited Financial Statement	(23,33,995)
Investments as on 31.03.19 as per Audited Financial Statements	6,08,166

Particulars	Amount (in INR)
Liquid funds as on 31.03.19	(17,25,829)
Add: Recovery from the society for repayment of loan and interest for purchase of buses in contravention of Rule 177 of DSER, 1973 [Refer Financial Observation No.1]	1,06,15,151
Add: Estimated Fees and other incomes for FY 2019-20 as per audited financial statements of FY 2018-19 [assuming that income accrued during FY 2018-19 will at least accrue in FY 2019-20] Refer Note- 1	11,76,44,702
Add: Impact of fee increase as per DOE order for the previous year	1,07,79,498
Total Available funds for FY 2019-20	13,73,13,522
Less: Development Fund balance as on 31.03.2019	1,26,024
Less: FDR's jointly held with Directorate of Education as on 31.03.2019	6,08,166
Less: Retirement Benefits - Gratuity [Refer Financial Observation No. 2]	11,75,451
Less: Retirement Benefits - Leave encashment [Refer Financial Observation No. 2]	2,27,239
Net Estimated Available funds for FY 2019-20	13,51,76,642
Less: Budgeted expenses for the session 2019-20 (after making adjustments) (Refer Note 2 and Financial Observation No. 2)	14,99,35,298
Less: Salary Arrears as per 7th CPC as provided by the school (Refer Note No. 2)	-
Estimated Deficit	(1,47,58,656)

Note No. 1: Income as per audited financial statements of FY 2018-19 has been considered on the assumption that the fee received in FY 2018-19 will at least accrue to the school except INR 3,39,767 towards gain from sale of fixed assets being abnormal income which may not accrue to school year on year basis and INR 20,77,101 towards development fund depreciation being a non-cash item.

Note No. 2: Expenditure proposed by the school has been considered while deriving the fund position of the school except the following.

- a) As per the Budgeted for FY 2019-20 submitted by the school along with proposal for fee increase, under the following head, school has proposed higher expenditure as compared to the actual expenditure incurred in the previous financial year 2018-19 or school has proposed new head of expenditure which was not in the financial year 2018-19 and for which the school has not provided any satisfactory explanation or justification for such unusual increase in these expenditures. Therefore, following expenditures have not been considered for the calculation of fund availability of the school.

Particulars	Expenses as per audited FS for FY 2018-19	Budgeted Expenses for FY 2019-20	Increase	Amount disallowed
Establishment expenses				
Security Expenses	18,25,912	26,80,400	8,54,488	6,71,897
Total	18,25,912	26,80,400	8,54,488	6,71,897
Other Expenses				
Fee & Subscription	34,725	1,12,900	78,175	74,703
Printing & Stationery	26,40,896	29,77,600	3,36,704	72,614

Repair & Maintenance-Building	38,00,282	57,65,700	19,65,418	15,85,390
Repair & Maintenance-Lift/ Fire Fighting/Electricals	1,67,962	9,05,200	7,37,238	7,20,442
Repair & Maintenance-Computer	1,07,909	2,21,400	1,13,491	1,02,700
Repair & Maintenance- Genset	3,63,316	6,88,800	3,25,484	2,89,152
Repair & Maintenance-Gardening	2,35,101	3,74,200	1,39,099	1,15,589
Repair & Maintenance-Furniture & Others	20,99,484	25,73,700	4,74,216	2,64,268
Festival & Function Expenses	24,75,671	29,41,100	4,65,429	2,17,862
Telephone & Internet Expenses	4,05,285	4,65,200	59,915	19,386
Student Welfare	1,65,073	2,48,600	83,527	67,020
Vedic Math Activity	-	2,07,500	2,07,500	2,07,500
Picnic Expenses	10,93,329	12,30,000	1,36,671	27,338
Miscellaneous Expenses	86,144	1,74,100	87,956	79,342
Total	1,36,75,177	1,88,86,000	52,10,823	38,43,305

b) The school has proposed **INR 40,00,000** first time for Salary Reserve equivalent to 3 months' salary as required in Form-2 of Right of Children to Free and Compulsory Education Act 2009. Since, FY 2019-20 is the year of implementation of 7th CPC therefore, the allowance for creation of new reserve would give additional burden on the parents/students. Therefore, the same has been excluded from the budgeted expenditure of the school. Further, the school has to prove with proper documents/certificates that the amount has been invested in joint name of Dy. Director (Education) and Manager of the school.

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

Further, section 10 of DSEA states "*the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*". Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 6th September 2018 for implementation of sixth pay commission recommendations.

Moreover, as per the direction provided vide order no. F.DE.15(216)/PSB/2019/1170-1174 dated 29.03.2019 issued post evaluation of fee increase proposal of the school for the FY 2017-18, the school was allowed to increase its fee and to implement the recommendations of 7th CPC w.e.f 01.01.2016. However, the school has not implemented 7th CPC. As per minutes of meeting of

the School Management Committee, the school will implement 7th CPC w.e.f 01.04.2019. Accordingly, the school has proposed salary increase of 44% for teaching and non-teaching staff in the budget of FY 2019-20 considering the impact of 7th CPC. Therefore, the same has been considered while deriving the fund position of the school. Since we have considered the impact of 7th CPC proposed by the school along with the salary for FY 2019-20, hence salary arrears of INR 1,15,68,157 as considered in the order of FY 2018-19 has not been considered again in this order to avoid the duplicity. Accordingly, the school is directed to implement the recommendations of 7th CPC in full w.e.f. 01.01.2016 within 30 days from the date of issue of this order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

- ii. The school does not have 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 along with certain financial and other observations, that the sufficient funds are not 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 accepted.

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 funds are not available with the school for meeting financial implication for the academic session 2019-20.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a wide spread 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 are not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee during the implementation of the 6th CPC. 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 12% to be effective from 01 July 2022.

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 fee increase for the academic session 2019-20 of **Vandana International School (School ID-1821205), Sector-10, Phase-I, Dwarka -110075** has

been accepted by the Director (Education) and the school is allowed to increase the fee by 12% to be effective from 01 July 2022.

The school has not implemented most of the directions from the earlier order as mentioned in financial and other observations of this order. The school should implement 7th CPC within a prescribed timeline and submit a compliance of the same within the said prescribed timeline otherwise the order for fee hike might be revoked and actions will be initiated under section 24(3) of DSEA, 1973.

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 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
Vandana International School (School ID-1821205),
Sector-10, Phase-I, Dwarka -110075
No. F.DE.15 (659)/PSB/2022/ 4045-4049

Dated: 03/06/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (South 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