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

No. F.DE.15 (1672)/PSB/2023/ 10135-10139 Dated: 14/12/23

Order

WHEREAS, **Ravindra Public School (School ID- 1411216), SD-QD Block, Pitampura,Delhi-110034,** (hereinafter referred to as **"the School**"),run bythe Sushila Devi Ramlal Memorial 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, 1973 (**hereinafter referred to as "DSEA, 1973"**) and the Delhi School Education Rules, 1973 (**hereinafter referred to as "DSER, 1973"**). The school is statutorily bound to comply with the provisions of the DSEA, 1973, DSER, 1973 and the 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 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 DSER, 1973.

AND WHEREAS, as per section 18(5) of the DSEA, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEA, 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) of the DSEA, 1973 and the rule 180 (3) of DSER, 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 Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session 2023-24, 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 academic session **2023-24**.

AND WHEREAS, in pursuance to orders dated 01.03.2023 and 27.03.2023 of the DOE, the school submitted its proposal for fee increase for the academic session **2023-24**. Accordingly, the order dispenses the proposal for fee increase submitted by the school for the academic session **2023-24**.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE 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.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2023-24, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on **26.09.2023** 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 that hearing, the compliance of order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983dated 23.06.2022 issued for the academic session 2019-20 was also discussed and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. 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 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 (I) 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."

On review of the audited financial statements for FY 2020-21 toFY 2022-23, it is noticed that though the school did not collectdevelopment fee and had utilized school funds (i.e., fee collected from students) for procurement of various capital items such as camera, furniture & fixtures, etc. amounting to INR 2,38,242, INR 35,700 and INR 15,953in FY 2020-21, FY 2021-22 and FY 2022-23 respectively. The school has not ensured the compliance of Rule 177 of DSER, 1973 which stipulates that the school to utilize school fees/funds for payment of salaries and other dues of the staff before utilizing the school fees/funds for capital expenditure, etc. Similar observation was also noted in the Directorate'sorder no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20. It was stated in the ordersdated 23.06.2022 that, "...*based on the fact that the school did not implement the recommendations of 7th CPC till 01.04.2019, did not even record its complete liability towards retirement benefits of staff in its books of account and did not secure the funds against staff gratuity and leave encashment in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurers, 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.*"

And, the school was directed to recover the amount of INR 3,08,398 (INR 2,74,548 in FY 2017-18 plus INR 33,850 in FY 2018-19) as school has utilized school fees/funds in contravention of Rule 177 of the DSER, 1973.

Accordingly, the above-mentioned capital expenditure incurred during FY 2017-18 to FY 2022-23totaling to INR 5,98,293(INR 2,38,242 plus INR 35,700 plus INR 15,953 plus INR 3,08,398) out of school funds without ensuring savings as per rule 177 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. Also, the school is directed to comply with the provisions of Rule 177 of the DSER, 1973.

2. Para 7.14 of Accounting Standard 15 –'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Plan assets comprise:*

- *assets held by a long-term employee benefit fund; and*
- *qualifying insurance policies.*"

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

Directorate's order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29.03.2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018, order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20, it was noted that the school has made provision for retirement benefits (gratuity and leave encashment) on the basis of management estimates instead of actuarial valuation.

On review of the financial statements for FY 2022-23 submitted by the school, it is noted that the school has not made provision towards gratuity. However, the school did not submit the basis for calculation of gratuity liability disclosed in the financial statements for FY 2022-23. Further, it was noticed that the school has not made any investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurer which qualifies as plan assets under AS-15 to earmark and secure funds for statutory liabilities towards staff.

The school is directed to ensure that retirement benefits are provided for in its books of account on the basis of actuarial valuation and the copy of actuary report must be submitted by the school along with its compliance report. Also, the school is directed to start depositing amount in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurers in order to secure funds towards staff retirement benefits.

In absence of any computation and no amount being deposited in group gratuity scheme and group leave encashment scheme of LIC or other insurers, no amount has been considered towards staff retirement benefits while deriving the fund position of the school for FY 2022-23. Also, school has budgeted for INR 10,00,000 for retirement benefits for FY 2023-24 and as no amount is invested in the 'plan assets' the budgeted amount has not been considered in the calculation of fund availability.

3. Direction no. 2 included in the Public Notice dated 04.05.1997, "*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 30.10.1998 in the case of Delhi AbibhavakMahasangh 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.*"

Rule 177 of DSER, 1973 states "*Income derived by an unaided recognized 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. Provided that, savings, if any, from the fees collected by such school may be utilized 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 recognized 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. As per sub-rule (2) of Rule 177, 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 rule, 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 shall not to be utilised for the same.

Moreover, the school fee should, in first instance, be utilized for meeting pay, allowances and other benefits admissible to the employees of the school and not for capital expenditure of vehicle, principal amount of loan and interest thereon.

Based on review of the audited financial statements for FY 2020-21 to FY 2022-23, it is noted that during FY 2020-21 to FY 2022-23, the school has taken loans amounting INR 80,00,000 in FY 2020-21, INR 95,00,000 in FY 2021-22. Further, the school has taken loan from Society of INR 3,50,00,000 in FY 2022-23. Further, the school repaid loans ofINR 2,06,86,507 and interest thereon amounting INR 23,14,207.It appeared that the loan taken from the society has been utilized for payment of other loans. The year-wise details of loan and interest thereon as per the financial statements submitted are as follows:

S. No.	Financial Years	Principal	Interest	Total
1	2019-20	-	56,167	56,167
2	2020-21	43,61,930	6,84,635	50,46,565
3	2021-22	1,87,981	9,81,720	11,69,701
4	2022-23	1,61,36,596	6,47,852	1,67,84,448
Total		**2,06,86,507**	**23,70,374**	**2,30,56,881**

It is also noted that the staffs' interests are not protected or ensured by the school as 7th CPC arrears are not fully paid and even no amount is deposited in the plan assets for gratuity and leave encashment. It is generally observed that the salary expenses and other dues to the school staff is one of the major components of schools' expenditure. Considering the quantum of loan outstanding and dues towards staff and the fact that there are no investments for gratuity, leave encashment and for the salary reserve, it is not clear where the loan funds actually been applied over the years. Additionally, the school is burdened with interest costs paid on these loans. Thus, the school has not ensured the compliance of Rule 177 of DSER, 1973 and utilized school funds for payment of interest and the repayment of loan. Accordingly, interest paid on loans have been considered while computing fund availability of the school. However, no impact of loan has been considered in the calculation of fund availability as loan from society has been utilized for repayment of other loan.

In view of the aforesaid provisions and the findings noted above, the school is required to submit detailed calculations depicting the utilization of loan availed since beginning. School is also required to recover interest amount of INR 23,70,374 from the society within 30 days from the date of the order.

4. Direction no. 3 of the public notice dated 04.05.1997 published in the Times of India states *"No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student Any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate."*

Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states *"No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution* *money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund."*

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

Directorate's order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29.03.2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018, order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20 noted that the school has not reflected the un-refunded caution money of ex-students as income in its financial statements after the expiry of 30 days of communication to them to collect their caution money together with interest. As per details submitted by the school there are 194 students and the total amount payable to these students will be INR 97,000 (194 students * INR 500) only. However, as per the audited financial statements for FY 2022-23, the caution money payable to students is INR 11,06,989. Therefore, it is clear that the school is not refunding the caution money along with interest thereon and the amount shown in the audited financial statements as caution money payable to students is related to old students who have passed out from the school since long. In view of clause 3 and 4 of order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010, the amount of INR 11,06,989 cannot be considered as caution money liability of the school. Therefore, while computing the funds availability of the school INR 97,000 has been considered as liability towards existing students.

B. Other Suggestions for Improvement:

1. Clause 19 of order No. F.DE115(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 b 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."*

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

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

Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

As per Directorate's order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29.03.2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018, order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20, it was directed to the school to follow fund-based accounting in respect of earmarked levies.

From the information provided by the school on online portal and taken on record, it is noted that the school charges earmarked levies in the form of ICT Fee from students but it has not reflected in financial statement for the FY 2022-23. Also, the school is yet to maintain separate fund accounts for these earmarked levies and the school has generated surplus that has been utilised for meeting other expense.

The Directorate vide order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29.03.2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school was collecting Digi classes/ SMS charges from all its students and directed the school to stop the collection of Digiclasses/ SMS. The school in its compliance report submitted that the school is not charging fee from all the students under the head Digi classes/ SMS. Those who are opting these facilities are liable to pay the charges. However, the school has not submitted any evidence to substantiate the same.

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 ICT Fee and Digi classes/SMS and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee or annual charges, as applicable.

Similar observation was also noted in order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20.

Thus, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies 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 school is directed the submit the reconciliation of ICT Fee and Digi classes/ SMS charges reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2020-21to FY 2022-23 with fee computed based on the fee structure of the school and details of number of students opted for ICT Fee and Digi classes.

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 difference was derived in Tuition fee based on the computation of FY 2018-2019:

Particulars	**income reported in Income & Expenditure Account (A)**	**Fee computed based on details of no. of students**	**Derived Difference (C)= (A-B)**	**Derived % Difference (D)=(C/B* 100)**
Tuition fee	2,79,49,670	2,94,70,560	(15,20,890)	-5%
Digi classes/ SMS charges	18,90,820	19,40,400	(49,580)	-3%

Similar observation was also noted in order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20. Thus, the school is directed toperform 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.Since the reconciliation is to be prepared and submitted by the school, no adjustment has been made in the fund position of the school.

4. As per order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016 *"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 amendedfrom time to time by this Institute."*

   Para 67 of the Guidance Note on Accounting by Schools issued by the Institute of CharteredAccountants of India states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

   On review of audited financial statements for FY 2020-21 to 2022-23 it is noted that the school did not charge depreciation as per the rates of depreciation specified in Appendix I of the Guidance Note. Similar observation was noted in the Directorate'sorder No. F.DE.15(250)/PSB/2019/1330-1334 dated 29.03.2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018, order no. F.DE. 15(777)/PSB/2022/4974-4978 dated 23.06.2022 issued for the academic session 2018-19 and order no. F.DE. 15(778)/PSB/2022/4979-4983 dated 23.06.2022 issued for the academic session 2019-20.

   Further, basis the presentation made in the financial statements for FY 2022-23 submitted by the school, it was further noted that the school is reporting fixed assets purchased at written down value on the face of the Balance Sheet, which is not in accordance with the disclosure requirements included in the guidance note citied above.

   The school is instructed to adopt the depreciation rates as prescribed in Appendix I of the Guidance Note. The school is also directed to disclose all fixed assets at gross (historic) value on the face of Balance Sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side of the Balance Sheet.

5. Review of the proposal for enhancement of fee for FY 2023-24 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2023-24.

   The school is directed to report all income/fee collected from students, including all earmarked levies, in its fee increase proposal. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

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

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 01.02.2019
- GST and Income Tax Audit with effect from 01.04.2019
- All Audit and Assurance Functions with effect from 01.07. 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 June 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 Council of the Institute of Chartered Accountants of India, in terms of the decision taken at the 296th meeting held in June 2010 decided to extend the requirement to mention the firm registration number to all reports issued pursuant to any attestation engagement, including certificates, issued by the members as proprietor of/ partner in the said firm on or after 01.10.2010.

Para 1 of Standard on Auditing (SA) 700 (Revised) — 'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India states *"This Standard on Auditing (SA) deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report issued as a result of an audit offinancial statements."*

Also, para 45 of SA 700 states *"The auditor's report shall be signed. The report is signed by the auditor (i.e. the engagement partner) in his personal name. Where the firm is appointed as the auditor, the report is signed in the personal name of the auditor and in the name of the audit firm. The partner/proprietor signing the audit report also needs to mention the membership number* *assigned by the Institute of Chartered Accountants of India. They also include the registration number of the firm, wherever applicable, as allotted by ICAI, in the audit reports signed by them."*

Though the financial statements for FY 2020-21 to FY 2022-23 submitted by the school were signed by the Chartered Auditor with reference to its Auditor's Report of even date, the audit report of the Chartered Accountant citing his opinion on the financial statements were not enclosed along with any of the financial statements (3 years) submitted by the school. Thus, the school submitted incomplete financial statements. Further, it could not be verified if the Chartered Accountant generated UDIN in relation to the audit of the financial statements of the school for FY 2022-23 as mandated by ICAI. Also, in orders issued for session 2018-19 and 2019-20 it was observed that the UDIN was not mentioned on the financial statements for FY 2018-2019 submitted by the school. Further, the auditor did not mention the Firm Registration Number (FRN) issued by the ICAI while signing the financial statements, which is a mandatory requirement in view of the announcement of ICAI and SA 700. Also, the school did not submit Notes to Accounts along with its financial statements. Therefore, authenticity of the audit and that of the financial statements submitted by the school could not be verified.

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 2022-23. 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.

Further, the auditor had signed the audit report and financial accounts for FY 2018-2019 on 3 Oct 2019. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1).

Accordingly, the school is directed to ensure the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate (including audit opinion issued by Chartered Accountant on the financial statements of the school and Notes to Account) within the prescribed timeline. The school is further directed to ensure that the audit opinions are issued on its complete set of final accounts i.e. Balance Sheet, Income and Expenditure Account and Receipt and Payment Account by practicing Chartered Accountant and the same must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including compliance with SA 700 and mention of UDIN and FRN.

Also, on examination of the financial statements of FY 2020-21 to FY 2022-23 submitted by the school, it was noted that the financial statements were not appropriately authenticated by the representatives of the school, since only one signatory (Manager) signed the financial statements. Also, some of the schedules annexed to the financial statements were not even signed by the 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 initialed (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing document.

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

i. The total funds available with the school for FY 2023-24 amounting to INR**2,38,84,602**out of which estimated expenditures (i.e., outflow) for the FY 2023-24 is to be INR **2,55,97,578**. This results in net deficit amounting to INR **18,09,976**for the FY 2023-24 after making all payments. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.23 as per Audited Financial Statements	42,39,990
Investments as on 31.03.23 as per Audited Financial Statements	15,28,092
Liquid Funds as on 31.03.2023	**57,68,082**
Add: Amount recoverable from Society on account of capital expenditure incurred during the FY 2020-21 to FY 2022-23 without compliance of Rule 177 **(Refer Financial Suggestions for Improvement no. 1)**	5,98,293
Add: Amount recoverable from Society on account of interest paid on loan **(Refer Financial Suggestions for Improvement no. 4)**	23,70,374
Add: Fees for FY 2022-23 as per Audited Financial Statements **(Refer Note no 1 below)**	1,49,96,606
Add: Other Income for FY 2022-23 as per Audited Financial Statements **(Refer Note no 1 below)**	1,51,247
Total Available Funds for FY 2023-24	**2,38,84,602**
Less: Caution Money as on 31.03.2023 **(Refer Financial Suggestions for Improvement no. 5)**	97,000
Less: FDs with CBSE as on 31.03.2023	-
Net Available Funds for FY 2023-24 (A)	**2,37,87,602**
Less: Budgeted expenses for the session 2023-24 **(Refer Note no 3 below)**	**2,55,97,578**
Total Estimated Expenditure for FY 2023-24 (B)	**2,55,97,578**
Net Deficit (B-A)	**18,09,976**

Note 1: All the fee and other income as per financial statements for the FY 2022-23 has been considered with the assumption that the amount received in FY 2022-23 will at least accrue during FY 2023-24.

Note 2: All budgeted expenditure of the school as per the school submission has been considered amounting INR 3,06,47,931 except the following:

Head of Expenditure	**2023-24 (in INR)**	**Amountdisallowed (in INR)**	**Remarks**
Retirement Benefits	10,00,000	10,00,000	Refer Financial suggestion for improvement no 3
Salary	2,29,55,000	15,21,948	Restricted to 110% of expenditure incurred in FY 2022-23
Housekeeping Expenses	2,45,000	2,45,000	
Rent	6,00,000	6,00,000	

Head of Expenditure	2023-24 (in INR)	Amountdisallowed (in INR)	Remarks
Fee software Expenses	1,00,000	1,00,000	
Advertisement	4,50,000	4,44,105	
Legal & Professional Expenses	7,20,000	3,49,300	
Earmarked Expenses	6,20,000	6,20,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Capital Expenditures	1,70,000	1,70,000	As per audited financial statements, there is no receipts of development fund with the school. And therefore, any budget for capital expenditure shall tantamount to 'charging of capital expenditure from the school fee' which would be contravention of direction of Hon'ble SC in the matter of Modern School Vs Union of India &Ors. Thus, the proposed capital expenditure has not been considered.
Total	**29,05,000**	**50,50,353**	

ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session 2023-24. 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 utilizing 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 utilized for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of the provisions of DSEA, 1973,DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2023-24 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2023-24.

AND WHEREAS, while evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session considering the budgeted expenditures for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus, current assets, loans and advances and current liabilities will always reflect in the financialstatements at the end of the financial year.

AND WHEREAS, it is noticed that the school has utilized INR 29,68,667in contravention of the provisions of DSEA&R, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from the society. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same within30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of the DSEA, 1973 and the DSER, 1973 without providing any further opportunity of being heard.

AND WHEREAS, the fee proposal of the school 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 sufficient funds are not available with the school for meeting financial implication for the academic session 2023-24. 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 01.10.2023.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, the act of the school of charging unwarranted free 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 and thus, school should ensure to charge fee only under the prescribed heads and utilized the fees collected for the defined purposes in accordance with the provisions of the DSEA, 1973 and the DSER, 1973.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other suggestion noted during the above evaluation process and submit the compliance report within 30 days from the date of issue of the order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee hike of **RavindraPublic School (School ID- 1411216), SD-QD Block, Pitampura, Delhi-110034**, filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023for the academic session 2023-24, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 12% for session 2023-24 to be effective from 01.10.2023.

Further, the management of said School is hereby directed under section 24(3) of DSEA, 1973 and the provisions of DSER, 1973, to comply with the following directions:

1. To increase the fee only by the prescribed percentage from the specified date i.e., 01.10.2023.

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.

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 the 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.

(JAI PARKASH)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/HoS
Ravindra Public School (School ID- 1411216)
SD-QD Block, Pitampura,
Delhi-110034

No. F.DE.15 (1672)/PSB/2023/ 10135-10139 Dated : 14/12/23

Copy to:

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B-1) 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.

(JAI PARKASH)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi