

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

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 932-5 3/4

Dated: 28/9/2017

ORDER

Whereas, the request of DAV Public School, Sector-VII, Rohini, Delhi for increase in fee for the academic session 2016-17 was rejected by Director (Education), vide order No.F.DE.15/Act-1/WPC-4109/PART/13/595-599 dated 06.03.2017 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Dy. Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of DAV Public School, Sector-VII, Rohini, Delhi against the fee hike rejection order of this Directorate and had decided to give an opportunity to the school to be heard in person.

And whereas, a committee was constituted to hear the case of the school in detail with a view to assist the Director of Education to dispose of the representation.

And whereas, in this connection, an opportunity of being heard was provided to the Manager/HoS of DAV Public School, Sector-VII, Rohini on 19.05.2017 at 12.00 Noon at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

And whereas, the submissions of the schools were heard by the above said committee on 19.05.2017 at 12.00 Noon and during the hearing, the issues raised in the representation of the school were discussed at length.

And whereas, after examining the proposals of Fee Hike submitted by DAV Schools, it was observed that all DAV schools are run under the aegis of DAV College Management Committee (DAVCMC) which runs a number of schools and colleges in all over India and are following the same accounting and financial procedure across all schools, and these common accounting and financial procedures has led to issues such as making contribution to a pool account maintained by DAV CMC for payment of Leave Encashment and Gratuity, maintenance of three separate bank accounts, payment of Administrative Charges to DAV CMC, collecting Rs. 10,000 as building fund from students, deposit of extra funds of schools to DAVCMC, etc. The above procedures are not in consonance with the provisions of DSEA&R, 1973.

And whereas, in order to understand the procedure being followed as well as to seek clarification/justification on these issues, apart from hearing to the respective schools, as mentioned above, the Management of DAV CMC and Director (DAV CMC) alongwith their Account functionaries were called twice to discuss these issues and to obtain necessary clarifications. In this regard, point-wise clarification has been provided by DAV CMC which is as under:

Table 1: Common Observations

S. No.	Common Observation	Clarification given by DAV CMC	Remarks
1.	<p>The school has been paying a sum equal to 4% of the total basic pay of staff of the school to DAVCMC. As per Order no. DE. 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 the management is restrained from transferring any amount from the Recognized Unaided School Fund to society or trust or any other institution.</p>	<p>DAV CMC is collecting administrative charges from the schools under its management for providing administrative support and varied facilities viz. financial audit of schools through audit and accounts section, academic audit, training of Principals, teachers and other staff of the schools through centre for academic Excellence, construction and property management by estate department, legal and taxation services, providing services relating to provident fund, gratuity, leave encashment and EDLI etc. In addition, DAV CMC is nominating local management committee, selection committee and building subcommittee for smooth functioning of the schools. DAV CMC is also organizing science, maths and ICT Olympiads and having a separate education board for our schools for classes up to VIIIth Standard. The entire administrative control is being dealt at DAV CMC level. All orders relating to postings, transfers, sanctions of purchases, circulars, notifications etc. are issued from DAV CMC, New Delhi. The DAV CMC has full fledged department for assessment and evaluation of schools, their principals and staff and based on feedback, necessary steps are being taken by DAV CMC for their improvement. We are also providing legal assistance to various schools for any legal disputes. DAV CMC has engaged staff for the above</p>	<p>Though practice followed by DAV Schools is not in consonance with DSEA&R, 1973. Keeping in view submission/ justification given by DAV CMC as well as keeping in view the managerial structure of DAV CMC to have a check and balances as well as economy in expenditure, the submissions of DAV CMC are taken on record.</p>

S. No.	Common Observation	Clarification given by DAV CMC	Remarks
		<p>services and salaries and other statutory payments of staff are being met from these charges collected from schools is nominal considering the nature and quantum of services being provided by the DAV CMC. The schools contribute 4% of the Basic Pay of their staff as administrative Charges. The schools are not required to incur any cost for these services which leads to a huge saving as an institution and helps us bring uniformity across the institution.</p>	
2.	<p>Payments in relation to Gratuity and Leave Encashment</p>	<p>The gratuity and leave encashment benefits of all staff of DAV Schools are administrated/ controlled at Head office through common pool fund. All investments of contributions made by the schools are made by Head office in specified government securities and the payment of claims at the time of retirement and leaving the services are settled by head office. Separate school-wise ledger accounts are being maintained at DAV CMC showing liabilities for gratuity and leave encashment. There is no default of delay in settlement of claims.</p>	<p>During the course of hearing, DAV CMC was asked to submit the details of gratuity and leave encashment liabilities of the school as at 31st March, 2016 as per its books of accounts. Accordingly, the DAV CMC has submitted duly certified ledger account of Gratuity and Leave Encashment for each school.</p> <p>It may be noted that:</p> <ul style="list-style-type: none"> - There is no actuarial valuation of gratuity and leave encashment liabilities of the school. - Liabilities and corresponding investments against gratuity and leave encashment are not reflected in the books of accounts of the school. Also, benefit of interest earned on these investments is not passed on to individual school by DAV CMC. <p>Thus, school is hereby directed:</p> <ul style="list-style-type: none"> - To have actuary valuation of its gratuity and leave encashment liabilities;

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			<p>- To disclose its liabilities on account of gratuity and leave encashment along with the corresponding amount of investments against that in its financial statements from the financial year 2017-18. Also, wherever the existing provisions for these liabilities are in excess of the liabilities determined by the actuary, the excess amount so provided shall be transferred to general reserve fund of the school. In case, the amount currently provided is lesser than amount determined by the actuary, school shall provide the balance amount in a reasonable and prudent manner ensuring that burden of same is spread over the years and not charged in a single year.</p> <p>- To add back the amount of interest, as was earned on gratuity and leave encashment fund by DAV CMC over the years, duly certified by the statutory auditor of the school, in the corresponding investment accounts of the school.</p>
3	Reserve Fund/ Loan with DAVCMC	Some of the schools in order to secure their money deposit with DAV CMC as reserve fund. DAV CMC is paying interest on these deposits @ 8% per annum which is higher than bank FD rates. Out of this reserve fund, loans etc. to the needy schools are arranged and they pay interest on these loans and advances.	As per Order no. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 the management is restrained from transferring any amount from the Recognized Unaided School Fund to society or trust or any other institution. Thus, the school is hereby directed strictly to ensure that exact amount of interest is received from the society. This fund is obviously available to the school and calculations have accordingly been made. Reconciliation statement of

S. No.	Common Observation	Clarification given by DAV CMC	Remarks
4	One time fees collection of Rs. 10,000/-	Some of the schools are charging one time fees of Rs.10,000/- at the time of admission for various student development activities over the period of their stay in the schools which normally is 12 to 14 years. As discussed in the meeting held on 03.07.2017, the collection under this head is being treated as fees to be utilized for meeting and establishment administrative cost.	interest received /receivable should be attached with next year's fee hike proposal. School is not allowed to charge one time fees at the time of admission for development activity of students. Charging of one-time fees at the time of admission tantamount to capitation fee which is prohibited under section 13 of the Right of Children To Free and Compulsory Education Act, 2009. The school is hereby directed not to charge any such fee from the students in future and to adjust the fee already collected against the monthly fee due. The alleged purposes for which fee is collected seems to be under earmarked levies which ought to be collected on actual basis.
5	Operation of Bank Account in the name of DAVCMC	As per the financial scheme each school maintains three bank accounts viz. School Account and Pupil Fund Account, both being operated by Head of the School and Manager and the third being DAV CMC account which is operated by office bearers of the Managing Committee. The third account has been maintained with a view of exercise financial control over the schools. The schools are required to transfer all fees collections and other revenues to this account and the expenditure of the school is recouped from this account after they are approved by DAV CMC. All schools have to submit expenditure statements alongwith documentary evidences to Head Office who after examining these allow	Accepted, in view of 'Scheme of Management' of the school, as approved by the DoE at the time of granting of recognition to the school, school is allowed to maintain a bank account in the name of 'DAV College Management Committee'. The said bank account can be operated by the office bearers of the DAV College Management Committee.

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S. No.	Common Observation	Clarification given by DAV CMC	Remarks
		<p>the expenses to be withdrawn from this account. The schools have to justify the expenditure vis.a.vis. budgets which are submitted by the schools before the start of the financial year. This scheme of management has been approved by Directorate of Education.</p> <p>At times schools are unable to deposit the cheques sent by DAV CMC in time due to postal delay or shortage of funds and as per the accounting practices such cheques have to be shown as cheques in hand at the close of financial year with corresponding credit to DAV CMC. This is only a book entry and these cheques are subsequently cleared from the fee income transferred by the schools to this bank account.</p>	

The above clarifications of DAV CMC are taken on record.

The submissions made by the school are analyzed in light of above discussion with DAV CMC on common observations and in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions are issued there-under:-

Table -2: Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The development fund has been treated as revenue receipt and used for meeting over all expenditure of the school. Depreciation Reserve Fund was created first time in FY 2015-16. The school has also charged development fee marginally in excess of 15% of the tuition fee. These are contravention to Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which states that development fund should be treated as Capital Receipt and	Due to non-availability of sufficient tuition fee/ funds for incurring establishment expenses, a part of it has been utilized for incurring the establishment expenses and it was treated as revenue receipt due to lack of awareness regarding the same.	Accepted by School. As per clause 14 of the order dated 11.02.2009, school is not allowed to treat development fee as revenue receipt. School is directed to do proper accounting of the development fee collected and separate fund account should be maintained in

	restricts the use of development fund for supplementing the resources for purchase, up gradation and replacement of furniture fixtures and equipment's. The School has received Development fee of Rs. 1,46,81,730 , Rs. 1,56,74,758 and Rs. 1,63,05,355 in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.		accordance with clause 14 of the order dated 11.02.2009. School is not charge development fee unless it comply with the directions of this Directorate.
2.	Depreciation has not been charged as per the rates prescribed in Guidance Note 21 'Accounting by Schools' issued by ICAI. Accordingly, Rs. 18,42,071 has been charged in excess on account of deprecation by the school.	The school is charging deprecation as per the rates prescribed by Income Tax Act 1961 as a policy of DAV CMC. School has planned to change the depreciation as per the rates provided under the Guidance Note.	School should follow DoE instructions in this regard.
3.	The fee charged by the school do not corroborate with the fee collected by the school. Fee collected as per books of accounts is short by Rs. 3,30,870 in FY 2014-15 and by Rs. 3,29,907 in FY 2015-16 when compared with fee charged by the school. It seems that there are internal control weaknesses so far as revenue protection is concerned.	The variance pertains to some of the rectification entries done after reconciling the income as per software and actual receipts which is not a considerable amount. We will make sure in future that there is proper reconciliation between both the balances.	Accepted by school. Contention of school is accepted considering the non-materiality of the amount involved. School is directed to strengthen its internal control processes.
4.	As per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no-profit and no loss basis and should be used only for the purpose for which these are collected. Earmarked levies collected by the school are collected in excess of the expenses incurred and are also not exclusively used for the purpose for which it was collected. School has been charging Magazine Alumini, Building Fund, Pupil Fund, Transport Fee, Smart Board Fees and Computer Science Fee as earmarked levies however no separate funds for these charges have been maintained. This is also a contravention of Rule 176	The surplus from earmarked levies has been utilised for incurring establishment expenditures as the tuition fee collected along with general reserves were not sufficient to the establishment expenses. The school will maintain proper fund based accounting.	Improper response. As per clause 22 of the order dated 11.02.2009, earmarked levies should be collected on 'no profit no loss' basis and these levies should only be utilised for the purposes for which these were collected. The school should follow DoE instructions in this regard.

	of DSEA & R 1973. The school has earned a profit of Rs. 1,44,88,398 from various earmarked levies collected by it during the period under review.		
5.	The school has incurred Rs. 38,42,290 for Annual Function of the school in FY 2013-14 for which no supporting documents were available on record. It has been observed that the expenses on function incurred in FY 2013-14 was quite high when compared with the function expenses of Rs. 2,83,565 and Rs. 5,51,403 incurred in FY 2014-15 and FY 2015-16 respectively.	In 2013-14, school has celebrated its 25 th year anniversary by organizing a gala event. The expenditure incurred was Rs. 36,42,290/- and not Rs.38,42,290/. Details of expenses are enclosed and also, invoices for the same are available with the school.	School has not submitted any details/ documents to prove the genuineness of these transactions. School is directed to utilise its funds with application of due propriety. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
6.	All funds are initially transferred by the school to the managing committee and then managing committee transfers the funds back to the school for incurring expenses for running the school. It is understood that this is a practice followed by the school under the management of DAV CMC.	As per the financial scheme each school maintains three bank accounts viz. School Account and Pupil Fund Account, both being operated by Head of the School and Manager and the third being DAV CMC account which is operated by office bearers of the Managing Committee. The third account has been maintained with a view of exercise financial control over the schools. The schools are required to transfer all fees collections and other revenues to this account and the expenditure of the school is recouped from this account after they are approved by DAV CMC. All schools have to submit expenditure statements alongwith documentary evidences to Head Office who after examining these allow the expenses to be withdrawn from this account. The schools have to justify the expenditure vis.a.vis. budgets which are	Accepted, in view of 'Scheme of Management' of the school, as approved by the DoE at the time of granting of recognition to the school, school is allowed to maintain a bank account in the name of 'DAV College Management Committee'. The said bank account can be operated by the office bearers of the DAV College Management Committee.

		submitted by the schools before the start of the financial year. This scheme of management has been approved by Directorate of Education.	
7.	The school has been charging Building Fund from the students during the period under inspection. The school has renamed the Building Fund to SWAF after 2015. This is contravention of Clause 2 of Public Notice dated 04.05.1997. The school has received Rs. 26,48,800 in FY 2015-16, Rs. 26,83,700 in FY 2014-15 and Rs. 31,94,780 in FY 2013-14.	<p>School has renamed the building fund to Students Welfare Activity Fund (SWAF) in FY 2015-16.</p> <p>School is charging one time fees of Rs.10,000/- at the time of admission for various student development activities over the period of their stay in the schools which normally is 12 to 14 years. As discussed in the meeting held on 03.07.2017, the collection under this head is being treated as fees to be utilized for meeting establishment and administrative cost.</p>	The school is not allowed to collect any amount in the name of building fund. Charging of building fund at the time of admission tantamount to capitation fee which is prohibited under section 13 of the Right of Children To Free and Compulsory Education Act, 2009. The school is hereby directed not to charge any such fee from the students in future and to adjust the fee already collected against the monthly fee due. The alleged purposes for which fee is collected seems to be under earmarked levies which ought to be collected on actual basis.
8.	The school has incurred Rs. 22,22,940 during FY 2013-14 to FY 2015-16 for making additions to the building of the school. Rule 177 of DSEA & R 1973 allows the school to spend the surplus earned by the school on the expansion of building subject to certain conditions. The school has neither earned any surplus during the period under review (Development fund has been treated as revenue income instead of Capital receipt which has led to surplus in financial statements, which is not the actual position) nor has complied with the conditions laid down in	The school is collecting separately a building fund from the students which amounts to a total of Rs.85,27,280 from FY 2013-14 to 2015-16. Therefore, it may be concluded that this is not a non-compliance of the provisions of DSEA & R, 1973.	Improper justification. As per Modern School Case Judgment read with Rule 177 of DSEA & R, 1973 capital expenditure cannot form part of financial fee structure of the school and can be incurred out of the savings of the school only. Further, as discussed in above, school is not allowed to collect any amount in the name of building fund.

<p>the above said rule. Hence, additions made to the school building are in contravention to the said rule.</p>		<p>Charging of building fund at the time of admission tantamount to capitation fee which is prohibited under section 13 of the Right of Children To Free and Compulsory Education Act, 2009. School should follow DoE instructions in this regard.</p>
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Other discrepancies:

S. No	Detail of discrepancy	Submissions of the school	Remarks
1.	<p>School is not submitting complete set of financial statements to DoE. The school is preparing two sets of financials namely Main Fund and Boys Fund. Financial statements pertaining to Main Fund are submitted to DoE only along with the fee structure which pertains to Main Fund. Boys Fund Financial Statements and Fee structure pertaining to collection under this head is not submitted with DoE. The statement of Funds submitted along with Statement of Fee with DoE is also incomplete as the details of the investments mentioned in it were not complete when compared with the financial statements. This may be considered as contravention of Clause 25 of Order No. F.DE. /15(56) /Act / 2009 /778 dated 11/02/2009 along with Section 17(3) Delhi School Education Act 1973.</p>	<p>The school was maintaining two separate sets of financial statements namely Main Fund and Boys Fund. From 2015-16, school is preparing a consolidated financial statements for both the accounts. Non-submission of financials pertaining to boys fund was due to lack of knowledge and it would be ensured to submit the complete set in future.</p>	<p>The school has assured to comply with the DOE directions. School should submit complete set of financial statements.</p>
2.	<p>The students are taking advantage of the EWS category which are not actually eligible for the same.</p>	<p>All the students, getting benefits EWS/DG category are admitted after submission of requisite documents and certificates as per the directions issued by DoE. Also, it is not possible to conduct a</p>	<p>Considered. Only Children referred by the department from online draw of lots are to be given admission at entry level.</p>

		background check of each and every student admitted under these categories.													
3.	The school is not following any standard procurement process for the selection of vendors and award of contract except for the transport contracts.	The school has pre-defined guidelines for procurement of goods and services.	School should implement proper internal control systems in relation to procurement of goods and services.												
4.	The school has not refunded interest on security deposit to the students along with caution money refund. Moreover, the school has not reflected un-refunded caution money belonging to ex-students as income in the next financial year after the expiry of thirty days and has also not taken this into account while projecting fee structure for ensuing academic year. This is contravention of Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	Only caution money was refunded to the students and interest on caution money was not paid due to lack of awareness. It will be complied with in future. The school will transfer the unclaimed caution money to income.	The school has assured to comply the DOE directions. As per clause 18 of the order dated 11.02.2009, school should maintain separate bank account for the caution money collected and interest earned on the same, if any, is to be credited to the caution money account. School should follow DoE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.												
5.	Review of the financial statements of the school has revealed that the school has undertaken transaction with the society/ trust DAV CMC along with related parities during the period under review. Balance outstanding as payable or receivable along with transactions identified from the Financial statements of the school are as follows:	DAV CMC is collecting administrative charges from the schools under its management for providing administrative support and varied facilities viz. financial audit of schools through audit and accounts section, academic audit, training of Principals, teachers and other staff of the schools through centre for academic Excellence, construction and property management by estate department, legal and taxation	Though practice followed by DAV Schools is not in consonance with DSEA&R, 1973. Keeping in view submission/ justification given by DAV CMC as well as keeping in view the managerial structure of DAV CMC to have a check and balances as well as economy in expenditure, the submissions of DAV CMC are taken on record.												
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by schools (boys A/c)			
Amount recoverable DAV CMC (VAT)			2,58,538
Account (Recoverable) Balance with Publication Division maintained by Publication Division (Boys A/c)	4,83,103	4,83,103	4,83,103
Current Account (Payable) Balance with School/ Colleges (In the books of DAV CMC) Boys A/c			12,76,189
Current Account (Payable) Balance with School/ Colleges (In the books of DAV CMC) Main A/c	2,30,59,116	10,31,217	1,24,90,827

services, providing services relating to provident fund, gratuity, leave encashment and EDLI etc. In addition, DAV CMC is nominating local management committee, selection committee and building subcommittee for smooth functioning of the schools. DAV CMC is also organizing science, maths and ICT Olympiads and having a separate education board for our schools for classes up to VIIIth Standard. The entire administrative control is being dealt at DAV CMC level. All orders relating to postings, transfers, sanctions of purchases, circulars, notifications etc. are issued from DAV CMC, New Delhi. The DAV CMC has full fledged department for assessment and evaluation of schools, their principals and staff and based on feedback, necessary steps are being taken by DAV CMC for their improvement. We are also providing legal assistance to various schools for any legal disputes. DAV CMC has engaged staff for the above services and salaries and other statutory payments of staff are being met from these charges collected from schools is nominal considering the nature and quantum of services

	<p>being provided by the DAV CMC. The schools contribute 4% of the Basic Pay of their staff as administrative Charges. The schools are not required to incur any cost for these services which leads to a huge saving as an institution and helps us bring uniformity across the institution.</p> <p>The amount is due against purchase of books from DAV Publication division.</p> <p>Liabilities of VAT (WCT) of school are paid through DAV CMC and for this advance are released to them. The balance represents the unutilised amount and will be adjusted or recovered in current FY.</p> <p>Amount is recoverable from DAV CMC and is recoverable for more than 10 years and will be cleared in the current year.</p> <p>As per the financial scheme each school maintains three bank accounts viz. School Account and Pupil Fund Account, both being operated by Head of the School and Manager and the third being DAV CMC account which is operated by office</p>	<p>Considered.</p> <p>Considered.</p> <p>Amount recoverable from DAV CMC is to be recovered within 60 days from the date of issue of this order.</p> <p>Accepted, in view of 'Scheme of Management' of the school, as approved by the DoE at the time of granting of recognition to the school, school is allowed to maintain a bank account in the name of 'DAV College Management</p>
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And whereas, after going through the representations dated 05.04.2017 and submissions made by the school during the hearing held on 19.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **1,80,259/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	34,86,027
Investment as on 31.03.16 as per audited Financial Statements	45,60,218
Add: Account (Recoverable) Balance with Publication Division maintained by Publication Division (Boys A/c)	4,83,103

Particulars	Amount(Rs)
Total	85,29,348
Less: Development Fund and Depreciation Reserve Fund#	-
Available Funds	85,29,348
Fees for 2015-16 as per financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	15,28,05,081
Other income for 2015-16 as per financial statement	35,22,512
Estimated availability of funds for 2016-17	16,48,56,941
Less: Budget expenses for the session 2016-17 as submitted by school management*	16,50,37,200
Net Deficit	-1,80,259

#In the Financial Statements of the school for FY 2015-16, development fee is nil. Also, school has created depreciation reserve fund for the first time during FY 2015-16 and not built up any investments against the depreciation reserve fund created. Hence, depreciation reserve fund is not considered in above calculations.

*As per Modern School Judgment read with Rule 177 of DSEA & R, 1973 capital expenditure cannot form part of financial fee structure of the school and hence, amount for building construction amounting to Rs. 25,00,000/- is not considered in above calculations. Further, school has proposed for purchase of vehicles amounting to Rs. 45,00,000/- and these are not considered in above calculations as the same cannot be charged from each student and should be met out of the accumulated surplus generated out of transport fee. School has proposed also for gratuity and leave encashment amounting to Rs. 78,67,000 and Rs. 27,80,600/- respectively for FY 2016-17. However, these budgeted provisions are not based on actuarial valuation and also, to not to put entire burden of the same in one single year only 50% of the budgeted expenses are considered in the above calculations.

In relation to gratuity and leave encashment, the DAV CMC has submitted the ledger account of Gratuity Pool Fund and Leave Encashment Fund maintained with them for the school. As per the ledger account, Gratuity Pool fund of the school stands at Rs. 1,62,67,180 and Leave Encashment Fund stands at Rs. 98,37,758 as at March 31, 2016. The school is hereby directed to reflect the amount of provision for gratuity and leave encashment in its financial statements along with the corresponding investments maintained against the same with DAV CMC.

And whereas, in view of the above examination, it is evident that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 06.03.17, on the ground that the school had sufficient funds. During the hearing, the school has represented that it do not have adequate funds and it shall not be able to manage its operational expenses for the year from the available funds.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to

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maintain separate fund in respect of each earmarked levies charged from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under. If there are large surpluses under any earmarked levy collected from the students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, as per clause No. 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11.02.2009, '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, fixture 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 reserved fund, equivalent to the deprecation 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. Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, it is evident that the school is not maintaining development fund account and depreciation reserve fund in proper manner in accordance with clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. The school has followed unsustainable financial practices and using development fund for non permissible items. Hence, development fee already charged @15% has in reality been used for other purposes, and in effect already tantamount to a hike on tuition fee. School must not charge development fee unless it comply with instructions of this Directorate in this regard.

And whereas, these recommendations along with relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 05.04.2017 and subsequent submissions made in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, Director (Education) has decided to allow the school to increase the existing fee by 5% for the session 2016-17.

Accordingly, it is hereby conveyed that the representations for fee hike of DAV Public School, Sector-VII, Rohini, Delhi, has been accepted by the Director of Education and the school is hereby allowed to increase the existing fee by 5% for the session 2016-17.

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

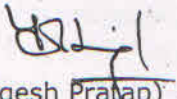
1. To comply with all the directions/ instructions as mentioned in this order.
2. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital

expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973

3. The fee should be utilised as per letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.


(Yogesh Pratap)
Deputy Director of Education
Private School Branch
Directorate of Education

To

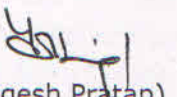
The Manager/HoS
DAV Public School,
Sector-VII, Rohini, Delhi

No. F. DE-15/ACT-I/WPC-4109/PART/13/932-936

Dated: 21/9/2017

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. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education