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

No. F.DE.15 (1492)/PSB/2023/ 6507-6511 **Dated:** 19/07/23

Order

WHEREAS, **St. Giri Senior Secondary School, Sector – 3, Rohini, Delhi – 110085 (School Id: 1413254)** (hereinafter referred to as **"the School"**), run by the **Goswami Vidyapeeth 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, the manager of every recognized school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'.*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA,1973 and returns and documents submitted under section 18(5) of DSEA,1973 read with rule 180(1) of DSER,1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

AND WHEREAS, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:

"27....
(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...
28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.......
.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/4440-4412 dated 08.06.2022, 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 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for increase of fee for the academic session 2022-23. Accordingly, this order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

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 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 09th May 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. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20 were also discussed with the school 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. Clause (vii) 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 financial fee structure*".

   Further, 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 above-mentioned 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.

   The Directorate in its Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, directed the school to recover INR 47,83,513 from the society towards repayment of loan and interest cost against purchase of bus. However, the same is still pending for recovery.

   On review of audited financial statements for FY 2019-20 to 2021-22, the school has paid INR 41,82,274 towards repayment of loan and INR 14,05,383 towards interest cost of loan in contravention of Rule 177 of

DSER, 1973 and aforesaid orders. Further, the school has not implemented the recommendations of 7th CPC despite fee increase @2% each vide Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and @ 13% vide Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20 and has mis-utilized school funds for payment of loan and interest thereon.

Therefore, in view of the provisions of Rule 177 of DSER, 1973 the total amount incurred by the school of INR 1,03,71,170 has been included in the calculation of funds availability of the school with the direction to school to recover this amount from the society within 30 days from the date of issue of the order.

2. As per clause 2 of 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 Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Also, 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

Further, 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 public notice, High Court Judgement and provisions of Rules 177 of DSER, 1973, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e., fee collected from students is not to be utilized for the same.

The Directorate in its Order No. F.DE. 15/(287)/PSB/2019/1535-1539 dated 04.04.2019 issued for FY 2017-18, directed the school to recover INR 15,70,430 and INR 36,68,747 from the society for construction of school building during the FY 2014-15 and 2015-16. However, the recovery is still pending.

The school in its compliance report has mentioned that "amount spent or shown as towards building in the school's audited financial statements is towards putting furniture, fixtures or equipment on the school's existing building". Further, as per Directorate's Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, the school submitted that "year on year wear and tear of the school needs regular upgradation of its infrastructure to maintain safety and security of the students studying in the school. It is the obligation of the Managing committee of the school for maintenance/ upgradation/ renovation/

expansion/ development of the school which is safe and secure for the students". However, the above statements of the school are found to be contradictory and the submission of the school is taken on record.

Accordingly, INR 52,39,177 spent by the school on construction of building has been added to the funds availability position of the school with the direction to the school to recover this amount from the society.

3. Clause 14 of DoE'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.*"
Further, para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

The Directorate's Order No. F.DE. 15/(287)/PSB/2019/1535-1539 dated 04.04.2019 issued for FY 2017-18, Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, directed the school to ensure utilization of development fund in accordance with clause 14 of order dated 11.02.2009 and to comply with para 99 of Guidance Note 21 issued by ICAI.

On review of audited financial statements of the school, it is noted that the school has utilized development fee as revenue receipt and capital receipt partially which is not in compliance with above mentioned provisions. The school has utilized development fund for purchase of library books in FY 2018-19 and 2019-20 and for payment of establishment expenses of the school which is contravention of clause 14 of order dated 11.02.2009. Further, the school has not transferred an amount equivalent to the amount of depreciation from "Development Fund Utilised against Fixed Assets'" account to Income and Expenditure Account as income to comply with the accounting and disclosure requirements of the Guidance Note.

Accordingly, the school is directed to ensure compliance of clause 14 of order dated 11.02.2009 and para 99 of Guidance Note 21 issued by ICAI.

4. As per 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, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:
   a. Assets held by a long-term employee benefit fund; and
   b. Qualifying insurance policies

Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*"

The Directorate in its Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, directed the school to create appropriate provisioning of retirement benefits in its books of accounts and investment equivalent in plan assets.

On review of the records submitted by the school, it is noted that the school has got the actuarial valuation and as per the actuarial valuation report, the gratuity liability is INR 2,83,43,111 as on 31.03.2022.

However, the school has under reported the gratuity liability in its books of accounts by INR 1,85,51,534. Further, the school has not deposited any amount against the gratuity liability. Accordingly, the school is directed to invest an amount equivalent to the liability of retirement benefit and submit the compliance report within 30 days from the date of issue of the order.

B. Other Suggestions for Improvement

1. 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.*"

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*

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 the 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).

The Directorate in its Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, directed the school to maintain fund-based accounting in respect of earmarked levies and to propose the revised structure for earmarked levies ensuring that the proposed levies are calculated on no-profit no-loss basis.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the form of Transport Fees and Smart Class Fee from students. However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring deficit which has been met from other fees/ income. The details of surplus/ deficit of last three financial years is given below.

Particulars	**Transport Fee***	**Smart Class Fee**
For the year 2019-20		
Fee Collected during the year (A)	77,42,856	25,94,955
Expenses during the year (B)	79,37,650	24,86,388
Difference for the year (A-B)	**-1,94,794**	**1,08,567**
For the year 2020-21		
Fee Collected during the year (A)	-	-

Particulars	Transport Fee*	Smart Class Fee
Expenses during the year (B)	8,55,713	5,14,645
Difference for the year (A-B)	**-8,55,713**	**-5,14,645**
For the year 2021-22		
Fee Collected during the year (A)	-	-
Expenses during the year (B)	5,80,946	5,28,996
Difference for the year (A-B)	**-5,80,946**	**-5,28,996**

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

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like Library, Laboratories, etc., and Science and Computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the fourth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Midday Meals etc.

Based on the aforesaid provisions, earmarked are to be collected only from the user students availing the services. And if the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered either form the Tuition Fee or from Annual Charges. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

Accordingly, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. 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.

2. As per Order No. F.DE-15/ACT-I/WPC-4109/PART/13/7905-79 13 dated 16 April 2016, *"The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix -II of Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."*

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

Further, para 58(i) of the Guidance Note states *"A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."*

The Directorate in its Order No. F.DE.15(287)/PSB/2019/1535-1539 dated 04.04.2019 issued for FY 2017-2018 directed the school to follow rates of depreciation as mentioned in Appendix – I of Guidance Note-21 "Accounting by School" issued by ICAI. However, the school has not complied with the same till FY 2021-22.

On review of audited financial statements for FY 2019-20 to 2021-22, the school has presented Fixed Assets (other than assets purchased from development fund) 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.

From the financial statements of the school, it was also noted that the school did not charge depreciation at the rates specified in Appendix I to the Guidance Note, which is again a contravention of the directions issued by this Directorate. Whereas, the Significant Accounting Policies and Notes to Accounts attached with the financial statements mentions that, depreciation on all fixed assets have been provided at the rates prescribed in the Income Tax Rules, 1962.

Accordingly, the school is 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. The school is further directed to follow rates of depreciation specified in the Guidance Note and also ensure consistency between the accounting policy related to fixed assets. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school.

3. The Directorate's Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, 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.

The school in its compliance report has mentioned that Fixed Asset Register shall be updated with the details mentioned above by the school. Hence, the school is directed to comply with the directions given by updating the FAR with relevant details mentioned above in accordance with the process for periodic physical verification of assets and document the results of physical verification of assets. The same shall be verified at the time of evaluation of fee hike proposal for subsequent year.

4. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

On review of audited financial statements of the school for FY 2019-20 to 2021-22, it is noted that the school has not made any disclosure relating to related party transactions in its audited financial statements.

Similar observations were also noted in Directorate's Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20.

However, in the absence of such details, the purpose and genuineness of transactions entered into between related parties cannot be determines. Therefore, the school is hereby directed to disclose related party transactions in its audited financial statements.

5. 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 persons misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving several 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 a 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 17.12.18 and 18.12.2018, made it mandatory for all practicing members to obtain 18 digits UDIN before issuing any audits reports/ certification, etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

The Directorate in its Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, instructed the school to ensure the compliance of the above provisions.

However, on examination of the financial statements submitted by the school for FY 2019-20 to 2021-22, it been has observed that the financial statements of the school were certified by the Chartered Accountant with the requirement of UDIN as required by the council. Hence, the above provisions have been complied with.

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

i. The total funds available for the FY 2022-23 amounting to INR **7,28,97,069** out of which cash outflow in the FY 2022-23 is estimated to be INR **6,50,36,253.** This results in surplus of INR **78,60,817** for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	35,86,780
Investments as on 31.03.22 as per Audited Financial Statements	4,95,797
Liquid Funds as on 31.03.2022	40,82,577
Add: Recovery from the society for construction of building out of school funds [Refer Financial Suggestion No. 2]	52,39,177
Add: Recovery from the society for purchase of buses in contravention of Rule 177 of DSER, 1973 [Refer Financial Suggestion No. 1]	1,03,71,170
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	3,99,46,088
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	2,10,519
Add: Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	90,56,000
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 4 Below)	44,90,897
Total Available Funds for FY 2022-23	**7,33,96,428**
Less: FDR in the joint name of Dy Director of Education and Manager of the school. (Refer Note 1 Below)	4,95,797
Less: Bank Balance EWS Fund as on 31.03.2022	3,562
Net Available Funds for FY 2022-23 (A)	**7,28,97,069**
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	**5,26,00,653**
Less: Salary Arrears of 7th CPC (Refer Note 6 Below)	**1,24,35,600**

Total Estimated Expenditure for FY 2022-23 (B)	**6,50,36,253**
Net Surplus (A-B)	**78,60,817**

Note 1: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Dy Director Education and Manager of the school	4,95,797	Deducted while calculating available funds of the school.
Total	**4,95,797**	

Note 2: All the fee and other income as per audited financial statements for the FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 3: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of **unutilized facilities** by the students during the relevant period of academic year 2020-21"*. And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and no annual charges and development fees collected by the school in FY 2020-21 and 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to annual charges and development fees have considered from the budget for FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	3,99,19,088	3,99,19,088	As per details provided by the school, Annual Charges and Development Charges have been considered from the budget for FY 2022-23
Annual Charges	-	44,22,000	
Development Charges	-	46,34,000	
Total	**3,99,19,088**	**4,89,75,088**	

Note 4: The school was allowed to increase fee 2% vide Order No. F.DE. 15/(545)/PSB/2022/3182-3186 dated 19.05.2022 issued for FY 2018-19 and 13% vide Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20, from 1st July, 2022. School has submitted that it has increased the fee @15% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @15% for 9 months)
Tuition fees	3,99,19,088	-	3,99,19,088	4,44,09,985
Annual Charges	-	-	-	-
Development Fee	-	-	-	-
Total	**3,99,19,088**	**-**	**3,99,19,088**	**4,44,09,985**
Impact of fee increase				**44,90,897**

Note 5: All budgeted expenditure proposed by the school amounting to INR 8,31,03,621 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary Arrears (7th CPC)	1,24,35,600	1,24,35,600	Considered separately
Salary Provision	52,87,000	52,87,000	The school has not made earmarked investments, hence not considered
Electricity Expenses	10,50,000	4,56,493	Restricted to 110% of expenditure incurred in FY 2021-22.
Printing & Stationery Expenses	12,50,000	9,46,347	
Legal & Professional Expenses	3,00,000	2,54,020	
Building Repair & Maintenance	5,00,000	2,88,173	
Furniture Repair & Maintenance	1,00,000	94,500	
Other Repair & Maintenance	2,00,000	1,45,336	
Repayment of Loan	7,00,000	7,00,000	
Transport expenses	66,90,500	66,90,500	Neither Income nor expense has been considered while deriving the fund position of the school
Books, Stationary, Uniform (EWS Students)	3,50,000	3,50,000	
Activity & Sports Expenses	28,55,000	28,55,000	
Total	**3,17,18,100**	**3,05,02,969**	

Note 6: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3 (17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

As per school's reply during hearing, it was held that the school has not implemented 7th CPC recommendations. Further, salary arrears amounting to INR 2,03,28,238 has already been allowed in the Directorate's Order No. F.DE.15/ (549)/PSB/2022/3237-3241 dated 19.05.2022 issued for FY 2019-20. Also, salary arrears provided separately by the school of INR 1,24,35,600 has been considered while evaluating the funds availability position of the school. Thus, the school is again directed to implement the recommendations of 7th CPC in full within 30 days from the date of issue of the 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. In view of the above examination, it is evident that the school have adequate funds to carry on its operation for the academic session 2022-23 on the existing fee 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 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 session 2022-23 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 instructions against which have been given in the order).

AND WHEREAS, it is noticed that the school has incurred INR 1,56,10,347 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. 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, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 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 available with the school for meeting financial implication for the academic session 2022-23.

AND WHEREAS, 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.

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 **St. Giri Senior Secondary School, Sector – 3, Rohini, Delhi – 110085 (School Id: 1413254)** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is rejected by the Director (Education) with the above conclusion and suggestions.

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

1. Not to increase any fee/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
St. Giri Senior Secondary School,
Sector – 3, Rohini,
Delhi – 110085 (School Id: 1413254)

No. F.DE.15 (1492)/PSB/2023/6507-6511 Dated: 19/07/23

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 (North 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.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi