

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

No. F.DE.15(563)/PSB/2022/ 3351-3355

Dated: 23/05/22

ORDER

WHEREAS, **Rishabh Public School (School ID-1002285), Pocket IV, Mayur Vihar, Phase-I, Delhi-110091** (hereinafter referred to as "**the School**"), run by the Rishabh Educational Society (hereinafter referred to as "**Society**"), is a private unaided School recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "**DoE**"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "**DSEAR, 1973**"). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every School is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEA, 1973 to the DoE. Such full statement of fee is required to indicate estimated income of the School to be derived from the fees and estimated operational expenses to be incurred during the ensuing year towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the DSER, 1973.

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

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

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

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

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



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

"27 (c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the Schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the Schools.....

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

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

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed to all the private unaided recognized Schools, running on the land allotted by the DDA/other land owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2018-19. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2018-19**.

AND WHEREAS, in order to examine the proposals submitted by the Schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-19, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity to be heard on 27.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing, compliances against Order No. F.DE-15/(179)/PSB/2019/1085-1089 dated 14 Mar 2019, issued for academic session 2017-18, was also discussed and submissions taken on record.

AND WHEREAS, the response of the School along with documents uploaded on the web portal for fee increase, and subsequent documents submitted by the School, were evaluated by the team of Chartered Accountants; the key observations noted are as under:



A. Incomplete and Unreliable Financial Information

1. As per Directorate's Order no. 15072-15871 dated 23 March 1999 "*All pre-primary schools being run by the registered society/ trust in Delhi as Branches of the recognized schools by the appropriate authority in or outside the school premises shall be deemed as one Institution for all Purposes*". Further, the Hon'ble High Court of Delhi in the matter of Social Jurist vs. the Govt. of NCT of Delhi & others concluded "*We do not find any proper reason or rationale to keep Pre-school apart and segregated by those regular schools where Preschool facilities exist and admission starts from that stage.*"

During the process of evaluation of fee hike proposal submitted by the school, it was identified that Rishabh Public School (operating from class 1) was admitting most of the students directly from the pre-school – "Rishabh Public School (Nursery)" based on the information provided by the school, which on that basis has been considered as feeder school of Rishabh Public School. Accordingly, the conditions and requirements applicable to Rishabh Public School would apply in the same manner to "Rishabh Public School (Nursery)". However, the school did not submit details including financial information and fee (existing and proposed) for students enrolled in Rishabh Public School (Nursery) along with its proposal for enhancement of fee for FY 2018-2019. Despite repetitive requests and reminders sent to the school, the school did not submit the required details of Rishabh Public School (Nursery). Thus, in absence of the requisite information and data regarding feeder school, completeness of financial statements and information therein submitted by the school could not be evaluated. Further, the fund position of the school could not be derived in absence of the aforementioned required information and the observations included in subsequent sections relate only to Rishabh Public School.

The school is hereby directed to submit complete details of feeder school in respect of FY 2015-2016, FY 2016-2017, FY 2017-2018 and FY 2018-2019 along with its subsequent fee hike proposal including the financial information, similar to the main school. Further, the school should ensure submission of complete information requested by the Directorate for appropriate and timely evaluation of its fee increase proposal.

2. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st 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 1 Feb 2019

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

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

Further, ICAI issued an announcement on 4 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 1 Oct 2010.

Para 1 of Standard on Auditing (SA) 700 (Revised) on ‘Forming an Opinion and Reporting on Financial Statements’ issued 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 of financial 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.”*

Further, para 47 of SA 700 states *“The auditor’s report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor’s opinion on the financial statements, including evidence that:*

- All the statements that comprise the financial statements, including the related notes, have been prepared; and*
- Those with the recognized authority have asserted that they have taken responsibility for those financial statements.”*

On review of the financial statements for FY 2017-2018 and FY 2018-2019 submitted by the school, it was noticed that the school did not submit the Audit Report, Receipt and Payment Account, and Notes to Accounts. Further, it was noticed that the auditor only certified the Balance Sheet and put his initials and stamp on the Income and Expenditure Account without mentioning the firm registration number and his membership number. The schedules forming part of the financial statements were neither

stamped nor initialled by the auditor. Also, the Balance Sheet and Income and Expenditure Account for FY 2018-2019, which were stamped and initialled by the Chartered Accountant did not cite the date of signing of financial statements and UDIN, as mandated by ICAI. Therefore, authenticity of the audit and that of the financial statements and financial information included therein could not be verified.

Accordingly, the school has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, which are not dated, complete, properly signed. Thus, the financial statements for FY 2017-2018 and FY 2018-2019 could not be relied upon.

The school is directed to submit authentic financial statements to the Directorate, which must be complete (including Audit Report, Receipt and Payment Account and Notes to Accounts) and comply with applicable Standards issued by the Institute of Chartered Accountants of India. The school is also directed to ensure that the entire set of financial statements (all pages, schedules including Notes to Account) must be appropriately signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents and by the Auditor.

The school is further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including mention of UDIN, FRN, membership no., date of signing.

3. On examination of the financial statements for FY 2017-2018 and FY 2018-2019, it was noted that financial statements submitted by the school were not appropriately authenticated by the representatives of the school, since only the Principal signed the financial statements and second signatory did not sign. Also, the schedules annexed to the financial statements were not signed or initialled by the auditor. 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, schedules including Notes to Account) must be signed or initialled (as appropriate) by the auditor and two representatives of the school authorised in this regard as per Bye laws or other governing documents

B. Financial Observations

1. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure..... capital expenditure/investments have to come from savings.*"

Directorate's Order No. F.DE-15/(179)/PSB/2019/1085-1089 dated 14 Mar 2019 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 noted that during FY 2015-2016 the school had purchased a bus from school funds and the school was directed to recover the cost of bus amounting to INR 17,00,000 from the society.

The school represented that the cost of bus purchased by it has been illegally and arbitrary disallowed and wherefrom the said law has been culled out by the DoE, to burden the Society with such expenditure



of running an established school and to deprive the school from utilizing its own fee towards its own development and benefit.

Based on the fact that the school did not implement the recommendations of 7th CPC 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 of other insurer, 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”*.

While the school is not following fund based accounting and has not created fund account against transport service provided to students by the school, the income and expense towards transport service from the financial statements of the school for FY 2015-2016 to FY 2018-2019 were evaluated and it was noted that the school was charging transport fee, which was not even adequate to cover revenue (operating) expenses for providing the transport service to students. The details of income and expenses in relation of the transport facility as per the details provided by the school is enclosed below:

Particulars	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Income				
Transport Fees (A)	15,09,010	16,13,380	20,03,120	20,01,930
Expenses				
Vehicle Running and Maintenance	32,20,869 [^]	26,61,541 [^]	28,42,266 [^]	10,09,115
Salary of Drivers and Conductors				14,18,232
Total Expenses (B)	32,20,869	26,61,541	28,42,266	24,27,347
Surplus/(Deficit) (C)=(A-B)	(17,11,859)	(10,48,161)	(8,39,146)	(4,25,417)

[^] The school did not provide the breakup of expenses. Also, 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.

The school explained that the bus was purchased to meet the transport needs of the students, which was required for effective operation of the school. However, the school did not provide any relevant explanation for operating the transport facility in such huge deficit.

Thus, it has been observed that the school has purchased bus for provision of transport facility despite there being huge deficit from operation of transport facility and has submitted proposal for increase of fee from students that translates to constituting capital expenditure as component of the fee structure of school and hence non-compliance. Earmarked levies in the form of transport fee are to be charged on no-profit no-loss basis and the school was not able to recover the cost of bus from the transport fee collected from students indicating that the school has shifted the burden of capital cost of bus to all the students of the school, who are not even availing the transport service.

Since the school has not recovered any amount from the Society till date, accordingly the amount spent by the school on purchase of bus of INR 17,00,000 is hereby directed again to recover this amount from the Society within 30 days from the date of this order. The school is further directed to ensure that transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states *“No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order*”

The aforementioned order was also upheld by the Hon’ble Supreme Court in the case of Modern School vs Union of India & Others.

Clause 17 of Order No. F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 issued by this Directorate states *“No admission Fee of more than two hundred rupees per student, at the time of admission shall be charged. Admission Fee shall not be charged again from any student who is once given admission as long as he remains on the rolls of the school.”*

On review of financial statements for FY 2017-2018 and FY 2018-2019 submitted by the school, it was observed that the school is collecting one-time activity fees of INR 15,000 from students at the time of admission. No private recognised school can collect fee other than those prescribed in aforementioned order dated 15 Dec 1999. Further, collecting one-time charge from students at the time of admission of students takes the form of admission fee, which can be collected only upto an amount of INR 200. Thus, collection of one-time fees from students at the time of admission indicates that the school is engaging in profiteering and commercialisation of education in contravention of the aforementioned clause.

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.

Directorate’s Order No. F.DE-15/(179)/PSB/2019/1085-1089 dated 14 Mar 2019 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 directed the school to stop collecting one-time activity fee. Thus, the school is directed again not to collect one-time activity fees from students at the time of admission.



3. Para 7.14 of Accounting Standard 15 – ‘Employee Benefits’ issued by the Institute of Chartered Accountants of India states “*Plan assets comprise:*
- (a) *assets held by a long-term employee benefit fund; and*
 - (b) *qualifying insurance policies.”*

Directorate's Order no. F.DE.15(179)/PSB/2019/1085-1089 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school has not obtained actuarial valuation in respect to its liability towards staff gratuity and leave encashment.

The school submitted copy of the actuarial valuation report of its liability towards gratuity for FY 2017-2018 valued from an actuary. On review of actuarial valuation report for FY 2017-2018 submitted by the school, it was noted that the school has obtained actuarial valuation of its liability towards gratuity of INR 10,17,878. However, the school recorded provision of gratuity amounting to INR 11,13,687 in its books of the account as on 31 Mar 2018. Further, the school did not make any change in its provision for gratuity in its books of account during FY 2018-2019 and reported the same amount as on 31 Mar 2019. Also, the school has not obtained actuarial valuation in respect of its liability towards staff leave encashment and had not recorded any provision for same in its books of account.

Also, it was noticed that number of staff mentioned in the actuarial valuation report were only 3, based on which the actuary determined the liability towards gratuity and leave encashment, whereas the school provided a detail of 27 full time staff in its staff statement. Thus, it indicates that the school underreported the number of staff to the actuary with a corresponding impact on the actuarial valuation derived by the actuary for gratuity and leave encashment. Thus, resulting in lower determination of liability towards gratuity and leave encashment by the actuary.

Further, it was noted that the school has not made any investment in group gratuity scheme and group leave encashment scheme of LIC/ other insurers till date to secure the statutory liability towards staff retirement benefits.

Though the school has not implemented the recommendations of 7th CPC till date and has not created any investments in group gratuity scheme and group leave encashment scheme of LIC/ other insurers equivalent to its liability towards staff retirement benefits, the amount of INR 10,17,879, equivalent to the gratuity liability determined by the actuary as on 31 Mar 2018 has been considered with the direction to the school to deposit this amount in investments such as group gratuity scheme and group leave encashment scheme of LIC/ other insurers within 30 days from the date of this order to protect the statutory liabilities towards staff. Also, the school should keep on depositing amounts in group gratuity scheme and group leave encashment scheme of LIC/ other insurers in subsequent years to ensure that the value of the investments matches with the liability towards retirement benefits determined by the actuary.

The school is directed to ensure that correct liability is determined towards gratuity and leave encashment by submitting complete and accurate details of staff to the actuary for deriving actuarial liability towards gratuity and leave encashment. Further, the school must record the amount determined



by actuary towards gratuity and leave encashment in its books of account and present the same as provision for gratuity and provision for leave encashment separately in its financial statements.

C. Other Observations

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.*"

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

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

Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds 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)

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of Transport Fees from students. However, the school has not maintained separate fund account for transport fee. The school has been incurring losses (deficit) that has been met from other fees/income, which was also mentioned in Directorate Order No. F.DE.15 (179)/PSB/2019/1085-1089 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018. Details of calculation of deficit, based on breakup of income and expenditure provided by the school for FY 2017-2018 and FY 2018-2019 towards transport fee is given below:



Financial Year	Income (INR)	Expenses (INR)	Deficit (INR)
	A	B	C=B-A
2017-2018	20,03,120	28,42,266 [^]	8,39,146
2018-2019	20,01,930	24,27,347 [^]	4,25,417

[^] 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.

The school has been operating its transport facility at huge deficit as expenses incurred by the school are more than the fee collected from students. The school must re-evaluate transport expenses incurred by it and optimise the same for matching it with income generated from transport facility. The school is strictly directly not to transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds.

The school is instructed to operate transport facility on strict no-profit no-loss basis. Also, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for transport fee collected from students.

2. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states “No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.”

Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 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.”

Directorate’s order no. F.DE.15(179)/PSB/2019/1085-1089 dated 14 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school had not refunded interest along with caution money to exiting students and was directed to include interest earned on caution money in the refund amount.

From the submissions of the school, it was noted that till date the school is not refunding interest along with caution money to students. During the personal hearing, the school mentioned that it has stopped collecting caution money from the students from FY 2014-2015 and unclaimed caution money already been booked as income in FY 2018-2019. Also, the school is refunding the caution money to the students who have left the school; however, interest is not refunded to the students.

Thus, based on the explanation provided by the school, the school is directed to ensure that caution money is refunded to the students together with interest. Compliance of same will be validated at the time of evaluation of subsequent fee increase proposal of the school.

3. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2017-2018 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 2017-2018 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school.

Following differences were derived based on the computation of FY 2017-2018:

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed based on details no. of students provided by the school (B)	Derived Difference (C)= (A-B)	Derived % Difference (D)=(C/B* 100)
Development fee	9,49,750	7,05,600	2,44,150	34.60%

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

4. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admin. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them.

From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

Particulars	FY 2016-2017	FY 2017-2018	FY 2018-2019
Total No. of Students	847	810	794
No. of EWS Students	72	83	93
% of EWS students to total students	8.50%	10.24%	11.71%

While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

And whereas, after going through the representations made by the school during hearing held on 27 Nov 2019 at 11:30 AM as well as financial statements/budget and other information of the school (other than that of the feeder school) available with the Directorate, it emerges that:

- i. The school has failed to submit financial statements and other necessary information and data in respect of the feeder school for any of the required financial years (FY 2015-2016, FY 2016-2017, FY 2017-2018 and FY 2018-2019) even though multiple communications were sent regarding the same to the school. Accordingly, on account of incomplete financial information available with the Directorate, correct fund position of the school for FY 2018-2019 could not be determined.
- ii. The school submitted incomplete financial statements for FY 2017-2018 and FY 2018-2019 as the same did not include Audit Report, Receipt and Payment Account and Notes to Accounts.
- iii. The financial statements of the school for FY 2017-2018 and FY 2018-2019 are unreliable and unauthentic as the same were not dated (only for financial statements for FY 2018-2019), signed by only one representative of the school, all pages not authenticated by the auditor and UDIN (applicable only for financial statements for FY 2018-2019), FRN and membership number of the Auditor were not quoted.

WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial and other observations that the sufficient funds are available with the school to carry out its operations for the academic session 2018-19. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 17,00,000 towards purchase of buses, which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. Thus, the school is directed to recover INR 17,00,000 from the society. The receipt of the above amount along with the copy of the bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that funds are available with the school for meeting financial implication for the academic session 2018-19.

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

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2018-2019 of **Rishabh Public School (School ID-1002285), Pocket IV, Mayur Vihar, Phase-I, Delhi-110091** has been rejected by the Director of Education.

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



1. Not to increase any fee/charges during FY 2018-19. In case, the School has already charged increased fee during FY 2018-19, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.
2. To ensure payment of salary is made in accordance with the provision of section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10(1) of the DSEA, 1973. Therefore, the Society running the School must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

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

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



(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:
The Manager/ HoS
Rishabh Public School
School ID-1002285
Pocket IV, Mayur Vihar, Phase-I
Delhi-110091

No. F.DE.15(563)/PSB/2022/ 3351-3355

Dated: 23/05/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (East) to ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file



(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi