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

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**No. F.DE.15(448)/PSB/2022/** 2361-2365 **Dated:** 27/04/22

## ORDER

WHEREAS, **Universal Public School (School ID-1002358), Block A, Preet Vihar, Delhi-110092,** (hereinafter referred to as **"the School"**), run by the **Universal Educational 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, every 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.'*

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

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

*"27....*

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

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

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

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

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

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **Universal Public School (School ID-1002358), Block A, Preet Vihar, Delhi-110092,** submitted the proposal for fee increase 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 that 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 very 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 of being heard on 23.10.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, 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(269) PSB/2019/1355-1359 dated 29.03.2019 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with the subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants and the key observations noted are as under:

**A. Financial Observations**

1. As per the 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.*"

   The Directorates' in its order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, the school was directed to submit complete details of the feeder school in respect of FY 2014-15, FY 2015-16 and FY 2016-17 along with its subsequent fee hike proposal including the financial information, similar to the main school. But the school has only provided information related to the main school only.

   The school further explained that, nursery school is totally different and independent and the same is operational on a separate land. The contention of school is not correct because as per the information supplied by the school, it was observed that Universal Public School (operating from class 1) is admitting most of the students directly from the pre-school – 'Universal Public School (Nursery)' which is considered as feeder school. Accordingly, the conditions and requirements applicable to Universal Public School would also apply in the same manner to 'Universal Public School (Nursery)'.

   Further, during the personal hearing, the school was again asked to provide the information related to feeder school "Universal Public School (Nursery) including fee structure, No. of students and financial statements for the FY 2015-16 to FY 2018-19. But the school despite of giving number of reminders has not provided this detail. In the absence of information of the feeder school, fund position of the school has been derived only on the basis of main school. The school is hereby once again directed to submit this information to the depart within 30 days from the date of issue of this order.

2. As per direction no. 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*".

   Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi 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.*"

   Further, Rule 177 of DSER,1973 states "*income derived by an unaided private 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*".

The abovementioned savings shall be arrived at after providing for the following, namely:

a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;

b) The needed expansion of the school or any expenditure of a developmental nature;

c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;

d) Co-curricular activities of the students;

e) Reasonable reserve fund, not being less than ten percent, of such savings.

Based on the above-mentioned provisions, the cost relating to land and construction of the school building should be met by the society, being the property of the society not from the school funds.

On review of financial statements for the FY 2017-18 and FY 2018-19, it was noted that the school has incurred expenditure of INR 3,83,191 on construction of building and reported the same in the audited financial statements. As per the above-mentioned provisions, the school funds should not be used for the construction of the building.

Therefore, the total amount of INR 93,07,191 ( INR 13,83,191plus INR 79,24,000 as per the previous order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019) is recoverable from the society. Accordingly, this has been included in the calculation of fund availability of the school with the direction to recover this amount from the society within 30 days from the issue of this order.

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."*

Form the presentation made in the audited financial statements for the FY 2016-17, FY 2017-18 and 2018-19, it has been noted that the school has purchased fixed assets out of the development fund amounting to INR 46,09,601, INR 54,85,029 and INR 51,13,163 in the respective years. The school instead of creating development fund utilised account, has transferred the whole amounts used for purchased of assets to General Fund resulting the overstatement of General Fund balance. Therefore, the school is directed to prepare and present its financial statement as per the Guidance Noted- 21 issued by ICAI. Similar direction was also given through directorate order no. vide order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019 issued for academic session 2017-18.

Further, during the FY 2016-2017, the school has transferred INR 2,53,402 from general reserve to development fund and did not provide any details regarding this transfer.

Further, the department in its order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019 issued for academic session 2017-18, observed that the school was reporting fixed assets at gross (historic) value in the Balance Sheet and at written down value in the fixed assets schedules in the FY 2014-15 and FY 2015-16 and the same was rectified in the FY 2016-17. During the evaluation of fee increase proposal of FY 2018-19, the school was asked to submit the detailed reconciliation providing detailed breakup of cost of assets (asset head wise) included in the fixed assets schedule annexed with the financial statements for FY 2016-2017. But the school has not provided the same. Therefore. the value of fixed assets reported by the school in the audited financial statements cannot be relied upon.

It was noted that from the FY 2016-17, the school do not charge depreciation in the income and expenditure account, while reports the depreciation amount in the fixed asset schedule. In the previous order, it was noted that the school has transferred depreciation charged on fixed assets to general reserve instead of depreciation reserve. The depreciation reserve balance as on 31.03.2019 is INR 56,460 against the accumulated depreciation of INR 5,27,54,207. Accordingly, the accounting treatment followed by the school does not fulfil with requirements of the aforesaid clause 14 of the order dated 11.02.2009 and GN-21 issued by the Institute of Chartered Accountant of India. Thus, the school is required to make necessary rectification entries relating to development collection and utilisation to comply with statutory and accounting treatment indicated in clause 14 of the order dated 11.02.2009 and the Guidance Note-21.

It has been also noted that the school incurred expenditure on construction of building of INR 40,95,044, purchase of library books of INR 1,14,629 and installation of solar plant of INR 19,55,000 during FY 2016-2017 to 2018-19 out of the development fund which is not in accordance with clause 14 of the order dated 11.02.2009. As per clause 14 of the order dated 11.02.2009 the development fund / fee can only be utilised for purchase upgrade and replacement of furniture fixtures and equipment and not for construction of building etc.

Accordingly, the school is hereby directed to pass the necessary rectification entries in its books of accounts relating to development fund and ensuring compliance with clause 14 of the order dated 11.02.2009 and Para 99 of the GN-21 issued by the Institute of Chartered Accountants of India. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve. *The school is also directed not to charge development fee from students till the time school complies with above directions and non-compliance with this direction would be viewed seriously while evaluating the fee increase* *proposal of the subsequent year.* Accordingly, no adjustment towards development fund appearing in the audited financial statement has been made while deriving the fund position of the school.

4. The Directorate in its order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019, issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, noted that the school has collected increased fee from students during FY 2016-17 and refunded/adjusted the same in FY 2016-17 itself. However, the school has deducted INR 100 per student as 'processing charges' at the time of processing the refund/adjustment, which is unjustified because it was collected without prior approval from the Director (Education). Accordingly, the school was given direction to refund/adjust processing charges amounting to INR 1,61,310 to the students.

   During the personal hearing the school was asked to provide the evidence of such refund made to the students, but the school has not provided any detail regarding this. Therefore, amount refund to the students has been included while deriving the fund position of the school.

5. 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 documents submitted by the school were taken on record and on review of the same it was observed that school got the actuarial valuation for gratuity and leave encashment for INR 1,77,78,663 and INR 66,91,020 and reported the same in its audited financial statements for the FY 31.03.2019.

   The school further reported that is has earmarked FDR of INR 47,31,24 with bank for this liability which does not qualify as 'Plan Asset within the meaning of AS-15. Therefore, the same has not been considered while deriving the fund position of the school. The school hereby directed to make equivalent investments in plan assets within 30 days from the date of the order.

   Further, the provision made by the school during the FY 2018-19, of INR 26,73,983 towards gratuity and INR 7,30,477 towards leave encashment have not been considered while deriving the fund position of the school because the school has not invested any amount in plan assets as per requirement of AS-15 issued by ICAI.

**B. 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.*"

However, it has been noted that the school charges earmarked levies in the form of Transport fee, Smart Class Fees, Practical Fees, ERP Fees and Activity Fees from students. On review of proposal submitted by the school on online portal it was noted that the school did not propose transport fee and Physical Education Fee. Therefore, the school management is directed to fill the accurate detail of all its income and expenditure while submitting the online proposal for enhancement of fee.

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

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

However the school has not maintained separate fund accounts for the above mentioned earmarked levies and the school was directed by this directorate through its Order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019 issued for academic session 2017-18 to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students and the school did not provide the details of earmarked collected and amount of expenditure out of it. However, from the audited Financial Statements the position of earmarked levies collected, and expenditure incurred by the school during the last three financial years has been provided below:

| Particulars | Transport Fee | Smart Class Fee | Physical Education Fee | Science Fee | Activity Fees |
|---|---|---|---|---|---|
| **For the year 2016-17** | | | | | |
| Fee Collected during the year (A) | 31,52,150 | 1,04,200 | 3,96,000 | 5,11,105 | 38,37,535 |
| Expenses during the year (B) | 27,28,732 | 7,59,518 | 26,983 | 78,304 | 34,37,286 |
| **Difference for the year (A-B)** | **4,23,418** | **(6,55,318)** | **3,69,017** | **4,32,801** | **4,00,249** |
| **For the year 2017-18** | | | | | |

| Particulars | Transport Fee | Smart Class Fee | Physical Education Fee | Science Fee | Activity Fees |
|---|---|---|---|---|---|
| Fee Collected during the year (A) | 10,21,200 | 22,25,700 | 4,47,000 | 5,43,501 | 38,42,572 |
| Expenses during the year (B) | 5,80,311 | 16,33,254 | 52,478 | 86,020 | 34,60,877 |
| **Difference for the year (A-B)** | **4,40,889** | **5,92,446** | **3,94,522** | **4,57,481** | **3,81,695** |
| **For the year 2018-19** | | | | | |
| Fee Collected during the year (A) | 12,13,265 | 25,75,500 | 4,82,000 | 6,24,875 | 40,30,831 |
| Expenses during the year (B) | 5,34,546 | 7,03,443 | 58,116 | 86,040 | 34,46,160 |
| **Difference for the year (A-B)** | **6,78,719** | **18,72,057** | **4,23,884** | **5,38,835** | **5,84,671** |
| **Total** | **15,43,026** | **18,09,185** | **11,87,423** | **14,29,117** | **13,66,615** |

Further, as per financial statements of the FY 2018-19, it was noted that the school has collected Curriculum facilitation fees, but the income as well as expenditure were not routed through the income and expenditure account which is not as per the Generally accepted accounting policies. Therefore, the school is directed to follow fund-based accounting with respect to earmarked levies in accordance with the above-mentioned provisions.

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 the Annual Charges. Therefore, the school is directed to stop collecting separate charges in the name of the "Smart Class Charges and Activity fee".

2. The Directorate in its order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, observed that the school has collected higher fee (Annual Charges, Development Fee and Activity Fee) from new students admitted to the school in the same class. The school was directed to stop collecting excessive/additional fees/charges from new admissions with immediate effect and not collect it subsequently.

During the personal hearing the school was asked to submit fee receipts and fee reconciliation statements of the FY 2017-18 and FY 2018-19 to evaluate exact fee collected from the students and to reconcile the fee structure given with the online proposal. However, the school has not provided this detail which indicate that there is something wrong which the school has been trying to hide from the scrutiny of the department. Therefore, the school is directed to submit these details to the department within 30 days from the date of issue of this order.

3. The Directorate in its order no. F.DE.15(269) PSB/2019/1355-1359 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, noted that the school has not prepared Fixed Asset register (FAR) in proper format. The school has only captured the asset name, date of purchase and the amount in the FAR. The school has not included complete details in the FAR such as serial number, location, invoice number, supplier, identification number, depreciation, etc. to facilitate identification of asset and documenting complete details of assets at one place. During the personal hearing the school verbally informed that this is under process and the same will be completed by next year. The compliance of this direction will be verified while evaluating the fee increase proposal of the subsequent years.

4. 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 31st day of July of each year.(3) The account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India"

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

Whereas Appendix-II to Rule 180 specify that "final accounts i.e., receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e. Unique Document Identification Number which is being implemented in phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379$^{th}$ meeting of ICAI held on 17.12.2018 and 18 .12. 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 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 review of the audited financial statements submitted by the school, revealed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are directed to ensure this compliance from the Auditor of the school.

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

i. As the school did not provide financial statements and other necessary information with respect to the feeder school even after sending multiple communications. Accordingly, on account of incomplete financial information, the correct fund position of the school for FY 2018-19 could not be determined. However, based on the information given by the school, the total available funds of the main school for the year 2018-19 amounting to INR **8,08,20,040** out of which cash outflow for the year 2018-19 is estimated to be INR **6,02,92,698**. This results in net surplus amounting to INR **2,05,27,342**. The details are as follows:

| **Particulars** | **Amount in INR** |
|---|---|
| Cash and Bank balances as on 31.03.18 as per Audited Financial Statements for the FY 2017-18 | -7,01,755 |
| Investments as on 31.03.18 as per Audited Financial Statements for the FY 2017-18 | 95,23,833 |
| **Liquid Fund as on 31.03.2018** | **88,22,078** |
| Add: Additions to building in contravention of Clause 2 of Public notice dated May 4th, 1997 in the FY 2017-18 should be recoverable from the society | 93,07,191 |
| Add: Fees for FY 2018-19 as per Audited Financial Statements **(Refer Note 1 below)** | 6,28,84,673 |
| Add: Other income for FY 2018-19 as per audited Financial Statements **(Refer Note 1 below)** | 10,32,626 |
| **Total Available Funds for FY 2018-19** | **8,20,46,568** |
| Less: FDR with joint name of School Manager and DOE as on 31.03.2018 | 7,07,145 |
| Less: FDR with joint name of School Manager and CBSE as on 31.03.2018 | 3,58,073 |
| Less: Caution Money Fund as on 31.03.2018 | - |
| Less: Development Fund **(Refer Financial Observation no.3)** | - |
| Less: Amount of Process Charges Refundable to the Students **(Refer Financial Observation no.4)** | 1,61,310 |
| Less: Earmarked Investment with LIC towards Gratuity and Leave Encashment | - |
| **Net Available Funds for FY 2018-19** | **8,08,20,040** |
| Actual Expenses for the FY 2018-19 | **6,02,92,698** |
| **Net Surplus** | **2,05,27,342** |

**Note 1:** Fee and income as per audited financial statements of the FY 2018-19 has been considered except the profit on sale of assets of INR 2,83,666 which is not a regular income of the school.

ii. The school has sufficient funds to carry on the operation of the school for the academic session 2018-19 on the existing fees structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that, *"All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."*

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other observations that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural observations which were also noted (appropriate instructions against which have been given in this order), 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 incurred Rs. 93,07,191 for addition to building out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177. Thus, the school is directed to recover Rs. 93,07,191 from the society. The amount of above receipt along with copy of 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 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 the school has sufficient funds for meeting financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2018-19.

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 observations noted during the above evaluation process and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2018-19 of **Universal Public School (School ID-1002358), Block A, Preet Vihar, Delhi-110092,** is rejected by the Director (Education)

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 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 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**
**Universal Public School (School ID-1002358),**
**Block A, Preet Vihar,**
**Delhi-110092,**

No. F.DE.15(448)/PSB/2022/ 2361 – 2365 Dated: 27/04/22

**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) 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**