

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

No. F.DE.15(626) / PSB / 2022 / 3885-3889

Dated: 31/05/22

ORDER

WHEREAS, **D.A.V PUBLIC SCHOOL, (School ID-1106226), East of Loni Road, Delhi-110093**, (hereinafter referred to as “**the School**”), run by the **DAV College Managing Committee** (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 this Directorate **D.A.V PUBLIC SCHOOL, (School ID-1106226), East of Loni Road, Delhi-110093** submitted its proposal for enhancement of fee for the academic session **2018-19**. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the school for the academic session **2018-19**.

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate 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 DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate 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 01.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During the aforesaid hearing compliances against order no. F.DE-15/(608)/PSB/2018/30173-77 dated 05.12.2018 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 and subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and key observations noted are as under:

A. Financial Observations

1. As per the Clause 2 of Public notice dated 04.05.1997, "*Schools are not allowed to charge building fund and development charges when the building is complete or otherwise as it is the responsibility of the society. Society means the trust or institution who has established the school, society should raise such fund from their own sources because the immovable property of the school become the sole property of the society. Therefore, the students should not be burdened by way of collecting the building fund or development charges*". Moreover, the Hon'ble High Court of Delhi in its Judgment dated 30.11.1998 in case of Delhi Abibhavak Mahasangh concluded that "*Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society*". Also, 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.*"

Thus, based on the aforementioned public notice and Hon'ble High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilized for the same.

The Directorate through Order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18 noted that the school had incurred expenditure of INR 53,05,861 on construction of building out of school funds in FY 2014-15, 2015-16 and 2016-17. The above expenditure on building was done in contravention of Clause 2 of Public Notice dated 04.05.1997 and was not in accordance with the provisions of Rule 177 of the DSER, 1973. Accordingly, the school was given direction to recover this amount of INR 53,05,861 from society which is still pending for recovery.

Now, the school has submitted different explanation for this addition. As per them, although this was capitalized under the head building, but this was not an addition to the school building. Further, as per the records submitted by the school, it was noted that INR 53,05,861 was incurred for renovation of library, laboratories.

Since, the financial statements of the school have already been certified by its statutory auditor and we assume that the statutory auditor must have vouched the nature of these transactions before certifying the financial statements of the school. Therefore, the claim of the school not to treat this expenditure as an addition to school building is incorrect.

Further, on review of audited financial statements for FY 2018-19 it is noted that the school funds INR 8,45,158 have been utilised for building. The aforesaid expense had been done in contravention of Clause 2 of Public Notice dated 04.05.1997 and was not in accordance with the provisions of Rule 177 of the DESR, 1973. As per Rule 177 of DSER, 1973, fee shall on first instance be used for payments to staff including salaries, arrears, allowances, gratuity and leave encashment, etc.

Accordingly, the amount of INR 61,51,019 is hereby added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover the aforesaid amount from the Society within 30 days from the date of this order. The compliance with the aforesaid direction will be evaluated strictly while evaluating the fee increase proposal of the school for the subsequent year.

2. As per practice adopted by the schools under the management of the DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance and then this is transferred to the DAV CMC. The DAV CMC in turn manages and maintains common pool of funds for all the schools under its management and uses the same for payment of gratuity and leave encashment liability as and when arises on account of his/her resignation or retirement. The department had directed to the school through its order no. F.DE-15/Act/-I/WPC-4109/Part/13/949 dated 04.10.2017 to obtain an actuarial valuation of its gratuity and leave encashment liabilities and disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in its financial statements.

Further, during personal hearing of last academic session 2017-18, the school had agreed to report its liability as per the actuarial valuation along with investment in plan assets as per the requirements of AS-15 from financial year 2018-19. The school had agreed to invest the amount of funds available with DAV CMC in plan assets.

The school for the first time has got the actuarial done to ascertain the liability on account of leave and gratuity as at 31.03.2019. The school did not record its total liability as at 31.03.2019 towards gratuity and leave encashment in its audited financial statements. The details are as under.

(Amount in INR)

Head	As per Actuary Report as on 31.03.2019 (A)	As per Audited FS as on 31.03.2019 (B)	Difference C=(A-B)
Gratuity	2,49,40,718	1,29,38,670	1,20,02,048
Leave Encashment	60,88,666	83,39,584	(22,50,918)
Total	3,10,29,384	2,12,78,254	97,51,130

Further, according to Para 7.14 of the Accounting Standard 15 – ‘Employee Benefits’ issued by the Institute of Chartered Accountants of India, “Plan assets comprise:

- (a) assets held by a long-term employee benefit fund; and
- (b) qualifying insurance policies.”

Based on the discussion with the school during the personal hearing, the school has not invested any amount in the plan assets in accordance with the requirement of AS-15. During the discussion the school also provided details of fund balance with DAV CMC in respect of payment made to DAV CMC towards maintenance of gratuity and leave encashment including the interest accrued.

However, this investment in the form of fund balance maintained by DAV CMC. The balance disclosed by the school based on records maintained by the DAV CMC as on 31.03.2018 is as under:

(Amount in INR)

Head	Balance as on 31.03.2018
Gratuity & Leave Encashment balance with DAV CMC	1,72,91,705

Accordingly, the investment in the form of fund balance maintained by DAV CMC in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15). Further, the school has provisioned INR 25,83,364 towards gratuity and INR 11,06,803 towards leave encashment for the FY 2018-19 without depositing any amount in the plan assets in accordance with AS-15 despite being directed several times. School was also asked to provide the amount of gratuity and leave encashment actually paid by the school during the FY 2018-19. However, the school has failed to provide the details. Since the school has not deposited any amount in the plan assets in accordance with AS-15 and not complied with the directions given in order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued for academic session 2017-18 and Order no: F.DE-15/Act-I/WPC-4109/Part/13/949 dated 04.10.2017. Therefore, these provisions towards gratuity and leave encashment have not been considered while deriving the fund position of the school.

3. As explained by the school an administrative charge payable to DAV CMC are accounted for @ 4% of the basic salary paid by the school to its staff up to financial year 2016-17. However, DAV CMC has increased this administrative charge to 7% of the basic salary paid by the school to its staff from the financial year 2017-18. While evaluating the fee increase proposal for the financial year 2017-18, the school was directed to reduce percentage of administrative charges to 2% instead of 7% of the basic salary paid to its staff. Thus, the school instead of following the direction of the department, has increased the rate of administrative charge payable to DAV CMC.

Accordingly, the excess amount of INR 26,39,594 paid by the school to DAV CMC by way of administrative charge is recoverable from the society and has been included while deriving the fund position of the school considering the same fund is available with the school, with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order. Administrative charges paid by the school to DAV CMC has been provided below.

Particulars	FY 2017-18	FY 2018-19
Basic Pay	1,54,49,372	3,80,02,918
Total	1,54,49,372	3,80,02,918
Applied Rate	6%	7%
Administrative charges (as per applied rate) (A)	9,73,848	27,34,792
Allowable rate	2%	2%
Administrative charges (as per allowable rate) (B)	3,08,987	7,60,058
Difference (A-B)	6,64,861	19,74,734
Less: Administrative charges payable (as per audited financial statements)	-	-

Balance recoverable from Society	6,64,861	19,74,734
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4. As per Clause 14 of this Directorate'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.*"

The Directorate through Order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18 and Order no. F.DE-15/Act-I/WPC-4109/Part/13/949 dated 04.10.2017 issued to the school post evaluation of proposal for enhancement of fee for FY 2016-17 noted that the school has treated development fee as revenue receipt and utilised the same for payment of establishment expenses. It was also mentioned that the school is carrying forward development fund balance in its financial statements since 01.04.2015 of INR 2,78,72,294. The school was given direction to ensure that the development fund is treated as capital receipt and also follow Guidance note 21 issued by ICAI for accounting of development fund.

On review of the financial statements for FY 2018-19, it was noted that the school has continued to treat development fee as revenue receipt and is not maintaining depreciation reserve fund which is a pre-requisite for charging development fee. The school has not adjusted purchase of capital assets from the balance of development fund carried forward in the financial statements and treated as purchase from free reserves of the school. Accordingly, the development fund balance has not considered while deriving the fund position of the school.

Further, the school is directed to follow DOE instruction in this regard and maintain separate bank account for deposit and utilization of development fund. The school is directed to ensure that development fee is treated as capital receipt and utilised only towards purchase of furniture, fixture and equipment. Also the school is directed to follow accounting treatment as per Guidance note 21 issued by ICAI.

5. Clause 3 of the public notice dated 04.05.1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student 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.*"

Further, as per Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 "*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.”

However, as per order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued for academic session 2017-18, the school was directed to maintain a separate bank account for deposit of caution money collected and interest earned thereon. The school has explained that it has been refunding only the principal amount of caution money to the students at the time leaving from the school.

However, during the personal hearing, the school submitted that it has stopped collecting caution money from students and has started adjusting the caution money already collected from old students against the dues from them. And the balance caution money if any left the school shall be treated as income of the ensuing year. Thus, the outstanding balance of caution money INR 6,30,000 as on 31.03.2018 has been adjusted while deriving the fund position of the school.

B. Other Observations

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 states *“The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.”*

Further clause 21 of the aforesaid order states *“No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and ‘overheads’ and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.”*

Rule 176 - ‘Collections for specific purposes to be spent for that purpose’ of the DSER, 1973 states *“Income derived from collections for specific purposes shall be spent only for such purpose.”*

Para no. 22 of Order No. F.DE. /15(56)/ Act/2009/778 dated 11.02. 2009 states *“Earmarked levies will be calculated and collected on ‘no-profit no loss’ basis and spent only for the purpose for which they are being charged.”*

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

Also, 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(604)/PSB/2018/30173-77 dated 05.12.2018 issued for academic session 2017-18 to maintain separate fund account depicting clearly the amount collected amount utilized and balance amount for each earmarked levy collected from students. 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. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school is given below:

Particulars	Computer Science Fees	Science Fees	Transportation Fees	Social & Cultural Activities
For the year 2016-17				
Fee Collected during the year (A)	7,09,180	1,93,410	29,68,100	12,52,075
Expenses during the year (B)	3,54,763	36,765	21,62,818	
Difference for the year (A-B)	3,54,417	1,56,645	8,05,282	12,52,075
For the year 2017-18				
Fee Collected during the year (A)	7,78,015	6,22,030	27,71,307	14,25,500
Expenses during the year (B)	4,27,391	1,09,580	19,80,034	
Difference for the year (A-B)	3,50,624	5,12,450	7,91,273	14,25,500
Total	7,05,041	6,69,095	15,96,555	26,77,575

- Apart from aforesaid fees, school is charging for subscription magazine & journals; diary receipts from each and every student.

On the basis of aforementioned orders, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging Group insurance charges and Dairy charges from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being non user based fees. Accordingly, the based on the nature

of Group insurance charges and Dairy charges, the school should not charge such fee as earmarked fee and should incur the expenses related to these from annual charges.

The school was directed by Directorate through its Order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued to the school post evaluation of the proposal for fee enhancement for FY 2017-18, to maintain separate fund account for depicting the amount collected, utilized and balance amount for each earmarked collected. However, the school did not comply with directorate's directions regarding maintaining of separate fund account.

The school is hereby once again directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

The 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.

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, 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.

It was noted that the school's fee structure include pupil fund, which is collected from all the students and based on details submitted by the school, it has been utilised towards varied expenses of the school including function expenses, art & craft and repairs and maintenance.

Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purpose for which the school has been utilising this may be get covered either from annual charges/ Tuition fee. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form. Also, the school is directed to not collect pupil fund form students with immediate effect. A similar observation was also noted while evaluating the fee increase proposal for financial year 2017-18.

3. As per the Director's order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued for academic session 2017-18, it was observed that the school has prepared Fixed Asset Register (FAR) only captures asset name, date and amount and directed to update the FAR with relevant details.

The school was asked to provide the copy of fixed assets register either in soft copy or hard copy in order to see whether the school has updated the FAR. In the absence of the same, it cannot be ascertained whether has prepared fixed assets register or not and that too in the proper format. The fixed assets register normally include basic details such as asset description, 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. Therefore, the school is directed to prepare and submit the fixed assets register at the earliest. The same shall be verified at the time of evaluation of fee proposal of the school for next academic session.

4. While evaluating the fees hike proposals, 2 complaints have been received on 30.09.2019 & 07.09.2019. Wherein complainant had alleged the following:

- a. School has been charging INR 50,000-1,00,000 as capital fund from new admission students;
- b. fees has been increased in FY 2017-18, 2018-19 & 2019-20;
- c. School fees amounting to INR 1.25 Crores has not been refunded for 2017-18 & 2018-19;
- d. Pupil's fund is still charged from students, whereas it was directed to school vide order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 to stop collecting pupil fund.
- e. Apart from development fund, smart board fees of INR 1,800 per student is charged separately. Whereas no such details have been provided in fees structure shared with the fees hike proposal.
- f. Magazine charges are charged @INR 165 per student whereas actual cost is INR 40 only.
- g. Apart from charging amount for other facilities separately, school is still charging annual fees of INR 2,930/- per student.

It was noted that the school had collected excess fee during the FY 2016-17 without prior approval of the directorate. The school was directed to refund/adjust the amount vide order No. F. DE-15/ACT-I/WPC-4109/PART13/949 dated 4th October 2017. However, based on the fee structure of academic session 2016-17, 2017-18 and 2018-19 submitted by the school it has been noted that the school did not complied with the above directions as school continued the hike in fee structure till the academic session 2019-20. Further there was a hike observed in certain fee heads in the FY 2018-19 when compared to FY 2017-18 such as science fee, computer fee, annual charges, pupil fund etc.

No explanation is provided by the school against such increase in fee structure and all other points stated in the above complaint. Therefore, the school is directed to give clarification for the aforesaid issues along with supporting documents within 30 days from date of this order. Further, school should ensure that there are no such complaints in future.

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 year 2018-19 amounting to INR **10,49,82,622** out of which cash outflow in the year 2018-19 is estimated to be INR **7,99,36,837**. This results in net surplus of INR **2,50,45,786**. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.18 as per audited Financial Statements	75,16,628
Investments (Fixed Deposits) as on 31.03.18 as per audited Financial Statements	1,26,35,015
Current Account Balance with DAV CMC as on 31.03.2018 as per audited Financial Statements	6,57,565
Investment held with DAV CMC Pool account (Gratuity + Leave encashment)	1,72,91,705
Liquid funds as on 31.03.2018	3,81,00,913
Add: Recovery of amount spent on construction of building from the Society (Refer Financial Observation No. 1)	61,51,019
Add: Recovery of excess administration charges from DAV CMC (for FY 2017-18, 2018-19) (Refer Financial Observation No. 3)	26,39,594
Add: Fees for 2018-19 as per audited Financial Statements	5,84,58,766
Add: Other income for 2018-19 as per audited Financial Statements	10,26,865
Gross Available Funds	10,63,77,157
Less: Retirement Benefits (Refer Financial Observation no. 2)	-
Less: Development Fund (Refer Financial Observation no. 4)	-
Less: Caution Money as on 31.03.2018 as per audited financial statements (Refer Financial Observation no. 5)	6,30,000
Less: Fixed Deposits in the joint name of DOE and Manger, School as on 31.03.2018 (as per School's submission)	6,35,015
Less: Increased fees collected in FY 2016-17 need to be refunded (Refer Note 1 below)	1,29,520
Net Available funds	10,49,82,622
Total cash outflow (Revenue Expenditure + Capital Expenditure – Depreciation) (Refer Note 2 & 3 below)	6,99,36,837
Less: Arrears of salary as per 7th CPC (as per audited financial statements) (Refer Note 4 below)	1,00,00,000
Cash Surplus/(Deficit)	2,50,45,786

Notes:

1. The school had collected excess fee during the FY 2016-17 without prior approval of the directorate. The school was directed to refund/adjust the amount vide order No. F. DE-15/ACT-



I/WPC-4109/PART13/949 dated 4th October 2017. Based on the above order, the school recorded the excess amount collected from students during FY 2016-17 as refundable to students in its financial statements of FY 2016-17. Based on the details provided by the school, it has refunded/adjusted INR 18.70 lacs during FY 2017-18 and the remaining amount, which pertains to students who left the school is yet to be refunded. Hence, INR 1,29,520 has been considered while arriving at the net estimated available funds for FY 2018-19.

2. The school has not made investment in the form of fund balance maintained by DAV CMC in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15). Further, the school has provisioned INR 25,83,364 towards gratuity and INR 11,06,803 towards leave encashment for the FY 2018-19 without depositing any amount in the plan assets in accordance with AS-15 despite being directed several times. School was also asked to provide the amount of gratuity and leave encashment actually paid by the school during the FY 2018-19. However, the school has failed to provide the details. Since the school has not deposited any amount in the plan assets in accordance with AS-15 and not complied with the directions given in order no. F.DE-15(604)/PSB/2018/30173-77 dated 05.12.2018 issued for academic session 2017-18 and Order no. F.DE-15/Act-I/WPC-4109/Part/13/949 dated 04.10.2017. Therefore, these provisions towards gratuity and leave encashment have not been considered while deriving the fund position of the school.
3. Depreciation charged during the FY 2018-19 amounting to INR 29,68,409 has not been considered being a non-cash item.
4. As per order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order No. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7th CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

Further, section 10 of DSEA states “ *the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*”. Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

On review of audited financial statements of the school and as per explanation given, school is paying the salary as per VII pay commission. Accordingly, the impact of salary arrears amounting to INR 1,00,00,000 which is still pending for payment (as provided by the school) has also been considered while deriving the fund position of the school with the direction to the school to implement the recommendations of 7th CPC in full within 30 days from the date of issue of this 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 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 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 is noticed that the school has utilised INR 87,90,613 in contravention of provisions of DSER, 1973 and other orders issued by the departments from time to time. Thus, the school is directed to recover INR 87,90,613 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 30 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 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 enhancement of fee for session 2018-19 of **D.A.V. PUBLIC SCHOOL, (School ID-1106226), East of Loni Road, Delhi-110093** is rejected by the Director (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 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

D.A.V PUBLIC SCHOOL (School ID-1106226),

East of Loni Road, Delhi-110093

No. F.DE.15 (626) / PSB / 2022 / 3885-3889

Dated: 31/05/22

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 (North 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