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

No. F.DE.15 (217)/PSB/2021/ 3681-86 **Dated: 17/09/21**

ORDER

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 Delhi School Education Act, 1973 (hereinafter read as ***'the Act'***) with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as ***'the Rules'***).

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973, responsibility has been conferred upon to the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The section 18(5) and Section 24(1) of the Act and Rule 180 (3) have been reproduced as under:

Section 18(5): *'the managing committee of every recognized 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 recognized 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 authorized by the Director in this behalf and also by officers authorized 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 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Directorate of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School vs. Union of India and others in Para 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 judgment 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 Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA/ land owing agencies.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 29.03.2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the 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 29.03.2019 of this Directorate, **Goodley Public School (School ID-1309197), B/D Block, Shalimar Bagh, Delhi-110088,** had submitted the proposal for fee increase for the academic session 2019-2020. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by **Goodley Public School (School ID-1309197), B/D Block, Shalimar Bagh, Delhi-110088,** for the academic session 2019-2020.

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 2018-2019, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on **11.11.2019** 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/(309)/PSB/2019/1580-1584 dated 05.04.2019 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 and subsequent documents submitted by the school **till 22nd March 2020** were thoroughly evaluated by the team of Chartered Accountants and the key finding was noted are as under:

A. Financial Discrepancies

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."

   As per Rule 177 of DSER 1973, (1) Income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school:
   Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:
   a) award of scholarships to students;
   b) establishment of any other recognised school, or
   c) 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.

   (2) The savings referred to in sub-rule (1) 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 per cent, of such savings.

   However, on review of records submitted by the school, it was noted that the school has utilised its funds for repayment of loan taken for purchase of buses despite of having deficit in its books of accounts. Moreover, it was also noted from minutes of the meeting dated 10.03.2018 submitted by the school, the school has not yet paid the arrears as per 7th CPC for FY 2016-17, FY 2017-18 and FY 2018-19 nor it has provisioned to pay the same in FY 2019-20 due to lack of funds. During the last three financial years, the school has paid from the school funds Rs. 35,24,716 towards principal repayment, Rs. 2,92,104 towards interest payment and Rs. 8,050 towards loan processing fee, which is not in accordance with the provisions of Rule 177 of DSER, 1973. Further, the school has also been incurring capital expenditure out of the school's fund. Thus, it be concluded that the school had incurred capital expenditure and repaid the loan without complying the requirements prescribed in Rule 177 of DSER, 1973. Moreover, the capital expenditure incurred on purchase of capital assets is being recovered by students in the form of increased fee, proposed by the school for FY 2018-19, which is in contravention of Clause (vii)(c) of Directorate's order sated above.

Therefore, the school is directed to recover the aforesaid amount used for repayment of loan amount from the society and the school is also directed not to purchase capital assets from the fund of the school with immediate effect. The school is directed to make adjustment in the General Fund in respect of interest charged to income and expenditure account. Summary of repayment of loan and interest thereon are as under:

Financial Year	Principal	Interest	Loan processing fee	Amount (in Rs.)
2018-19	-	2,759	-	2,759
2017-18	29,32,916	10,816	-	29,43,732
2016-17	5,92,800	2,78,529	8,050	8,79,379
Total	**35,25,716**	**2,92,104**	**8,050**	**38,25,870**

Since, the school is not complying with the requirements of Rule 177, therefore, the amount budgeted by the school towards purchase of capital assets during FY 2019-2020 has not been considered while deriving the fund position of the school (enclosed in the later part of this order). In case, the school needs resources for purchase, upgradation and replacement of furniture, fixtures and equipment, the school may propose development fee in its subsequent fee increase proposal to the Directorate for consideration.

2. As per direction no. 2 included in the Public Notice dated 4 May 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 Oct 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 Feb 2005 issued by this Directorate states "Capital expenditure cannot constitute a component of the financial fee structure."

Accordingly, 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 utilised for the same.

It has been observed that the school has been incurring capital expenditure on school building, which has been reported as repair and maintenance expenses by the school in its audited financial statements. Details of expense incurred from FY 2013-14 to FY 2018-19 is detailed below:

Financial Year	Building Repairs and Maintenance (Rs.)	School Running and Maintenance (Rs.)	Building Repairs and Maintenance (Rs)
2013-14	80,26,772	93,20,963	1,73,47,735
2014-15	1,02,83,831	95,21,189	1,98,05,020
2015-16	1,14,32,445	1,37,97,247	2,52,29,692
2016-17	80,78,249	68,47,690	1,49,25,939
2017-18	77,90,448	28,52,846	1,06,43,293
2018-19	16,74,861	38,34,044	55,08,905
Total	**4,72,86,606**	**4,61,73,979**	**9,34,60,584**

Similar observation was also observed in the order for fee hike for FY 2017-18 and the school was asked to recover expenditure incurred with respect to repairs and maintenance for FY 2013-14 to FY 2016-17 from the society. In this regard, the school submitted that the school has been incurring this expenditure on regular maintenance and upgradation of its infrastructure.

However, on examination of ledgers pertaining to 'building repairs and maintenance account' and 'school repairs and maintenance account' submitted by the school, it has been observed that the expenditure incurred by the school is of capital nature except for Rs. 21,82,361 which pertains to whitewash of the school. The repairs and maintenance expenditure have been treated as capital expenditure as there is huge component of material as compared to the labor component.

Therefore, as per the provisions of public notice dated 4 May 1997, the school is directed to recover an amount equivalent to Rs. 9,34,60,684 from the society within 30 days of this order and the same has been included in the funds available with the school as recovery from the society. Further, repairs and maintenance expenditure budgeted for FY 2019-20 have not been included in the expenses while calculating the funds availability with the school for FY 2019-20.

Moreover, the school is required to follow correct accounting treatment having regards to requirements of Guidance Note 21 issued by the Institute of Chartered Accountants of India. The school is required to ensure that the expenses of revenue nature are charged to the Income and Expenditure Account, while expenses of capital nature should be capitalised as Fixed Assets and reported in the Balance Sheet.

3. As per rule 91 of DSEA & R, 1973, "if the manager of a school is a person other than the head of the school and such manager is working on a salaried basis, no grant shall be admissible in relation to the salary to such manager". Further, it also states that "where the head of the school also functions as the manager thereof, no salary or other remuneration shall be payable to him for function as such manager"

From the records submitted by the school, it has been observed that Mr. S. Singh, who is appointed as the manager of the school is drawing a salary of Rs.1,50,000 per month during

FY 2018-19. Moreover, from the records submitted by the school, the school has paid remuneration to the Manager as under:

Financial Year	Amount paid (Rs.)
2013-14	900,000
2014-15	900,000
2015-16	900,000
2016-17	18,00,000
2017-18	18,00,000
2018-19	18,00,000

Similar observation was noted while evaluating the fee increase proposal for FY 2017-18 and the school was directed to recover the computed amount from the manager within 30 days of this notice. However, no action is taken in this regard by the school and school continued to pay Mr. S. Singh in the capacity of the manager.

Therefore, the school is again directed to recover the amount from the manager within 30 days of this order and the amount paid to manager from FY 2013-14 to FY 2018-19 is added to the fund position of the school considering same as funds recoverable by the school from the manager. Further, the salary of the manager has not been included in the expenses while calculating the funds availability with the school for the FY 2019-20.

4. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Hon'ble Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

   On examination of the audited financial statements of the school for FY 2018-2019, it was noted that the school had reported closing balance of Society's balance in its books of account as an advance of Rs. 1,04,498 as on 31 March 2019, which resulted in diversion of school funds to the society. Thus, the advance amount of Rs. 1,04,498 paid to the society is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

5. As per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprised of "registration fee and all One Time Charges" 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, 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 forth 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.

In view of the above, the school cannot collect or levy any fees or charges other than mentioned above. However, as per the review of audited Financial Statements for FY 2017-18 and FY 2018-19 and the documents submitted by the school, it is noted that the school is collecting security from teachers at the time of their appointment. The audited financial statements of FY 2018-19 reflected that a total amount of security outstanding towards teachers as on 31 Mar 2019 was Rs. 24,90,980.

Therefore, the collection of 'Teacher security' by the school in not accordance with the above-mentioned provisions Accordingly, the amount of Rs. 24,90,980 collected by the school as security from teachers is adjusted from the fund position of the school with the direction to the school to refund this amount to the teachers immediately and submit the proof of payment to the Directorate within 30 days from the date of this order. Further, the school is directed to ensure that no amount/ security is collected from the teachers as a precondition to their appointment.

6. As per Accounting Standard -15 'Employees Benefits' issued by The Institute of Chartered Accountant of India sates "*An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determine at the balance sheet date.*

Further, Accounting Standard-15 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, according to para 7.14 of the Accounting Standard 15 *"Plan assets comprise:*

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

Further, Clause 24 of Order No. F.DE./15 (56) /Act / 2009 / 778 dated 11/ 02/ 2009 states "Every recognized unaided school covered by the Act, shall maintain the accounts on the principles of account applicable to non-business organization/ not-for-profit organization as per Generally Accepted Accounting Principles(GAAP). Such schools shall prepare their Financial statement consisting of Balance Sheet, P&L Account and Receipt & Payment account every year

As per the financial statements for FY 2018-19 and records submitted by the school, it has been observed that the school has created a provision for gratuity of Rs. 2,90,10,649 in its balance sheet basis the valuation report by LIC. However, the school has only invested Rs. 30,00,000 in the Plan assets and same have been considered while deriving the fund position for FY 2019-20.

The school has also obtained valuation report for Leave encashment from LIC. However, the school has neither provisioned nor invested in Plan Assets with respect to Leave encashment, which is also contravention of Accounting standard-15 mentioned above. The school should provision for all the short-term and long-term employee benefits as per AS 15. Therefore, the school is directed to create a provision for long-term and short-term liability as per the valuation report by LIC or actuarial for leave encashment.

7. 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 Rs. 500 per student shall be charged. The caution money thus collected shall be kept deposited in a schedule bank in the name of concerned school and shall be returned to the student at the time of his/her leaving the school along with the Bank interest.

   Therefore, caution money is not an income of the school, but a deposit, which is to be refunded at the time of student leaving the school.

   From the review of the financials and the documents submitted by the school, it has been noticed that the school has not treated caution money as a deposit in its balance sheet and is refunding the money to student leaving the school by charging the same as an expense in profit and loss statement of the school. This is in not in accordance with clause 18 of directorate's order.

   Therefore, school is directed to follow correct treatment of caution money by reflecting the amount outstanding with respect to caution money collected in the liability side of the balance sheet and keeping the equivalent money aside in the separate bank account as the caution money is not income or expense of the school, it is a deposit which needs to be refunded when the student is leaving the school. Thus, the caution money budgeted during the FY 2019-20 has not been considered as an expense while deriving the fund position of the school.

B. Other Discrepancies:

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 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 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."

Clause 6 of Order No. DE 15/ Act/ Duggal Committee /203 /99 /23033-23980 dated 15.12.1999 states that earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts

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 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 review of the financial statements, it has been noted that the school charges earmarked levy in the name of transport charges and is not following fund-based accounting. This implies the school has been either generating surplus from this earmarked levy, which is being utilised for meeting other expenses of the school or either incurring losses (deficit), which is being met from other fees/income (Tuition Fees and annual charges). Details calculation of surplus/deficit based on breakup of expenditure given in the financial statement for FY 2016-17 to 2018-19 is given below:

Particulars	**Transport fee (Rs.)**
For the year 2016-17	
Fee Collected during the year (A)	57,89,728
Expenses during the year (B)	38,86,644
Difference for the year (A-B)	**19,03,084**

Particulars	Transport fee (Rs.)
For the year 2017-18	
Fee Collected during the year (A)	74,25,650
Expenses during the year (B)	90,73,923
Difference for the year (A-B)	**-16,48,273**
For the year 2018-19	
Fee Collected during the year (A)	87,26,460
Expenses during the year (B)	90,73,923
Difference for the year (A-B)	**-3,47,463**
Total (Surplus)	**-92,652**

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levy must be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

Further, the school should evaluate costs incurred against earmarked levy and propose the revised fee structure for earmarked levy 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 school is also directed to disclose all the earmarked levies collected by the school along with its return under Rule 180 and in the proposal for fee increase submitted by the school in subsequent years.

2. Para 18 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"schools should follow recognition and measurement principles, within the framework of accrual basis of accounting, for the purpose of preparation of their financial statements."*

   During review of the audited financial statements of the school for FY 2018-2019, it was noted that the school is following hybrid system of accounting whereby incomes are accounted on cash basis and expenses are accounted on accrual basis.

   During personal hearing, the school mentioned that it is following correct accounting principles as prescribed by the accounting standards and interpretations issued by the Institute of Chartered Accountants of India. However, the school could not substantiate its claim based on the financial information reported in the audited financial statements for FY 2018-19.

   Accordingly, the school is directed to follow accrual basis of accounting in compliance with the Guidance Note cited above. Compliance of the same will be evaluated during the subsequent fee hike proposal.

3. The school has prepared and submitted a Fixed Asset register (FAR) that only captures asset name, date of purchase and amount of the assets. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location of

the assets, depreciation, identification number, etc. to facilitate identification of asset and documenting complete details of fixed assets at one place.

Therefore, school is directed to prepare the Fixed Assets Register based on the above parameters.

4. As per form 2 of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain the liquidity in the form of investment for 3 months' salary and this amount should be invested in joint name of Dy. Director (Education) and Manager of the school.

   Based on provision, school has neither created salary reserve in its financial statement nor deposited the equivalent amount of the reserve in the same financial year.

   Therefore, school is directed to make a reserve in equivalent amount of 3 months' salary of every financial year and create corresponding amount of salary reserve in the form of fixed deposit in the joint name of Dy. Director (Education) and manager of school.

5. In the previous order it was noted that the school has not defined any procurement process and has been awarding contracts on discretionary basis to contractors without inviting quotations/bids from other parties.

   However, as per the records submitted by the school, the school has improved its procurement process partially. The school is again directed to strengthen the internal control system in relation to procurement of goods and services so as to ensure that contracts are awarded on Arms' length and competitive prices only. Compliance of the same will be verified at the time of evaluation of subsequent fee hike proposal.

6. As per DOE order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as S.No.16 of DDA land allotment letter, every school shall provide 25% reservation to children belonging to EWS category. However, on review of the information provided by the school for FY 2017-18 and FY 2018-19, it has been noticed that the school has not complied with above requirement and there has been decline in number and percentage of EWS students. Therefore, DDE District is directed to look into this matter. The details of total students and EWS students for the FY 2017-18 and 2018-19 are given below:

Financial Year	Total Students	EWS students	% of EWS students
2018-19	2776	376	14%
2017-18	2802	326	12%

7. 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 379th meeting of ICAI held on 17 and 18 December 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. 1 February 2019.
- All GST & Tax Audit Reports w.e.f. 1 April 2019.
- All other attest functions w.e.f. 1 July 2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal of FY 2018-19, it been has observed 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 finding therefore, the school management are instructed 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. The total available funds as on 31.03.2019 amounting to Rs. **24,17,22,179** out of which cash outflow in the year 2019-20 is estimated to be Rs. **13,38,22,140**. This results in surplus amounting to Rs. **10,79,00,039**. The details are as follows:

Particulars	Amount (in Rs.)
Cash and Bank balances as on 31.03.18 as per Audited Financial Statement **(Refer Below Note 1)**	66,00,335
Investments as on 31.03.19 as per Audited Financial Statements **(Refer Below Note 1)**	2,75,00,628
Liquid Funds as on 31.03.2019	**3,41,00,963**
Add: Recoverable from Society with respect to loan repayment for purchase of vehicles **(Financial Discrepancy -1)**	38,25,870
Add: Recoverable from Society with respect to capital expenditure on the building **(Financial Discrepancy -2)**	**9,34,60,584**
Add: Recoverable from the manager **(Financial Discrepancy -3)**	81,00,000
Add: Recoverable from Goodley School Society **(Financial Discrepancy -4)**	1,04,498
Less: Teacher Security to be refunded **(Financial Discrepancy -5)**	24,90,980
Less: Fixed deposit with LIC (Gratuity) **(Financial Discrepancy -6)**	30,00,000
Add: Fees for FY 2018-19 as per Audited Financial Statements **(Refer below point no 2)**	10,71,29,189
Add: Other income for FY 2018-19 as per audited Financial Statements **(Refer below Point No 2)**	10,55,981
Total Funds available as on 31.03.209	**24,22,86,105**
Less: FDs reserved for DOE **(Refer below point 3)**	**5,63,926**
Less: Fixed deposit in joint name of school and Delhi high Court **(Refer below point 4)**	-
Net available funds as on 31.03.2019	**24,17,22,179**
Less: Expenses as per Financial Statement for the FY 2019-20 **(Refer below Point No 5)**	**13,38,22,140**
Estimated surplus	**10,79,00,039**

Note – 1: Balances of Cash, bank and investments as on 31.03.2019 have been considered from audited financial statements for Financial Year 2018-19.

Note – 2: For calculation of fund availability of school, all income as per Audited Financial Statement for the FY 2018-19 have been considered.

Note – 3: Fixed Deposit with DOE are excluded from the calculation of Fund availability of the School.

Note – 4: The school has deposited Rs. 2,24,55,197 as principal and accrued Rs.15,94,884 interest in FDRs in compliance with JADSC's order. As per JADSC's report/order, the school is required to refund excess amount of development fee charged along with interest @9% and the Hon'ble High Court of Delhi has directed school to deposit or lien mark FDRs equivalent to 75% of the principal amount refundable to the student with the court. The matter is still under trial with the Hon'ble High Court of Delhi and moreover, it is to be refunded from the development fee and therefore, this amount cannot be considered in the above calculation of fund availability.

Note – 5: For calculation of fund availability, all the budgeted expenses for FY 2019-20 have been considered except for capital expenditure and interest on vehicle loan as per financial discrepancy -1, repairs and maintenance expenditure (financial discrepancy -2), manager's salary (financial discrepancy -3) and caution money (financial discrepancy -7).

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 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 utilizing 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 utilized for years together may also be used to meet the shortfall efore 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 has been noted that prima facie there are financial and other discrepancies in the school, and that 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, 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 2019-20. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of enhancement of fee for session 2019-20 of **Goodley Public School (School ID-1309197), B/D Block, Shalimar Bagh, Delhi-110088** is 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 in pursuance to the proposal submitted by school on any account for the academic session 2019-20 and if the fee is already increased and charged for the academic session 2019-20, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

2. To communicate the parents through its website, notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.

3. To rectify all the financial and other discrepancies/violations as listed above and submit the compliance report within 30 days to the D.D.E (PSB).

4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of India in its Judgment of Modern School vs Union of India. Therefore, school not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA, 1973.

5. To utilise 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.

6. In case of submission of any proposal for increase in fee for the next academic session, the compliance of the above listed financial and other discrepancies/violations will also be attached.

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
Goodley Public School (School ID-1309197),
B/D Block, Shalimar Bagh, Delhi-110088

No. F.DE.15 (217)/PSB/2021/ 3681-86 Dated: 17/09/21

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 (West-B) 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