GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI

DIRECTORATE OF EDUCATION

(PRIVATE SCHOOL BRANCH)

OLD SECRETARIAT, DELHI-110054

No. F.DE.15 (541)/PSB/2022/ 3167 - 3171 **Dated:** 19/05/22

ORDER

WHEREAS, **Rukmini Devi Public School (School ID-1413241), B-5, Sector-4, Rohini, Delhi-110085** (hereinafter referred to as "**the School**"), run by the **Seth Pokhar Mal 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 para's 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 academic session 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **Rukmini Devi Public School (School ID-1413241), B-5, Sector-4, Rohini, Delhi-110085,** submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

AND WHEREAS, 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 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on **21.11.2019** 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(125)/PSB/2019/1505-1509 dated 04.04.2019 issued for academic session 2017-18 were also discussed and school submission were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/clarification submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And, after evaluation of fee proposal of the school the key Observations and status of compliance against order no. F.DE. 15(125)/PSB/2019/1505-1509 dated 04.04.2019 issued for academic session 2017-18 is as under:

A. **Financial Observations**

1. Rule 175 of Delhi School Education Rules, 1973 states "*the accounts with regard to the Recognised Unaided School Fund, shall be so maintained as to exhibit, clearly the income accruing to the school by way of fees, fines, income from building rent, interest, development fees, collections for specific purposes, endowments, gifts, donations, contributions to Pupil's Fund and other miscellaneous receipt.*"

Section 2(v) of "Delhi School Education Act 1973" read as under; "school property" means all movable and immovable property belonging to, or in the possession of, the school and all other rights and interests in, or arising out of, such property, and includes land, building and its appurtenances, playgrounds, hostels, furniture, books, apparatus, maps, equipment, utensils, cash, reserve funds' investments and bank balances.

Thus, as section 2(v) is very categorically states that all movable and immovable property belonging to, or in the possession of the school is the school property. Since the school is in possession of the building from where income from running the college of education is being earned. Therefore, these incomes should be the income of the school.

However, it is noted that excess of income over expenditure has not been transferred to the school in FY 2017-18 and 2018-19 from the Rukmini Devi College of Education (the College) amounting INR. 1,22,242 and INR. 9,24,316 respectively to the school whereas in FY 2016-17 excess of income over expenditure amounting INR. 1,98,959 has been transferred to the school and the same has also been recovered from the society. Therefore, school is required to recover these amounts INR. 1,22,242 and INR. 9,24,316 from the College and the same has been considered as fund available with the school with the direction to school to recover the aforesaid amounts within 30 days from the date of issue of this order.

It is also noted that the school has been charging utility charges of INR. 5,00,000 p.a. from the college and the same has not been increased since last three years. Accordingly, school is required to discuss the matter with the College for increase in the utility charges.

2. Para 49 of Accounting Standard15 '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, para 57 states "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". Also, para 7 of 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.

The school has submitted two actuarial valuation reports, in one report valuation for gratuity and leave encashment liabilities were calculated based on the salary payable as per 6th pay commission and in second report valuation for gratuity and leave encashment liabilities were calculated based on the salary payable as per 7th CPC. It has been noted that the school has reported gratuity and leave encashment liabilities in its financial statements which was determined by the actuary based on the salary payable as per 6th CPC.

It has also been noted that the school has invested INR. 13,00,000 and INR. 5,00,000 in plan assets against total liability of INR. 13,93,652 and INR. 5,68,755 towards gratuity and leave encasement respectively.

The details of employee benefits reported in the financial statements and amount deposited with LIC is as under:

(Amount in INR.)

Particulars	**Actuarial Valuation Report on the basis of 6th CPC dated 20.03.2019**	**Actuarial Valuation Report on the basis of 7th CPC dated 20.03.2019**	**Provision as per Audited Financial Statements for FY 2018-19**	**Investment made in LIC as on 31.03.2019**
Gratuity	13,83,652	16,53,105	13,83,652	13,00,000
Leave encashment	568,755	684,745	568,755	500,000

Accordingly, the amount invested by the school till 31.03.2019 in plan assets with LIC has been considered while deriving the fund position of the school, with the direction to the school to invest the remaining amount in plan assets as per AS-15.

3. As per Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 "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."

On review of the Financial Statements for the FY 2018-19, it has been noted that school has made addition to building totalling amounting to INR. 9,88,890 and reported the same under 'Up gradation of classroom'. This addition to the building was done out of development fund which is not in accordance with the provision of Clause 14 of Directorate's order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 as the development fund can only be utilised for purchase, up-gradation and replacement of Furniture, Fixture and equipment.

Further, as per clause 2 of 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 that "income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be arrived at after providing for the following, namely:

a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;
b) The needed expansion of the school or any expenditure of a developmental nature;
c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;
d) Co-curricular activities of the students;
e) Reasonable reserve fund, not being less than ten percent, of such savings.

Based on the aforesaid provisions, 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 cannot be charged from the school funds. Accordingly, the above expenditure was incurred without complying the provision of Rule 177 of DSER, 1973, it is also pertinent to note that addition to the building was made before ensuring the payment of salary to the staff as per the recommendation of 7th CPC and investment of equivalent amount for retirement benefit in plan assets as per AS-15. Thus, INR. 9,88,890 incurred by the school for addition to the building has been included in the calculation of fund availability of the school with a direction to the school to recover the same from the society within 30 days from the date of order.

B. Other Observations

1. As per Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 "*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 provides that "*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.*" And as per Clause 22 of the aforesaid Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 "*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.*"

As per Rule 176 of DSER, 1973 "*Income derived from collections for specific purposes shall be spent only for such purpose.*" And 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).

On review of financial statement of FY 2018-19, it has been noted that school has collected earmarked levies in the name of transport fee from the students but has not followed fund-based accounting and school has incurred deficit from the transport fee which has been mitigated from other head of fee. The summary of earmarked levy collected and expenditure incurred is as under:

(Amount in INR.)

Particulars	**Transport Charges**
For the year 2017-18	
Fee Collected during the year (A)	1,063,500
Expenses during the year (B)	1,061,882
Difference for the year (A-B)	**1,618**
For the year 2018-19	
Fee Collected during the year (A)	1,095,600
Expenses during the year (B)	1,109,704
Difference for the year (A-B)	**(14,104)**
Surplus (Deficit)	**(12,486)**

Based on the above summary, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy. 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.

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. As per previous order no. F.DE. 15(125)/PSB/2019/1505-1509 dated 04.04.2019 post evaluation of fee increase proposal issued for academic session 2017-18 wherein the school was instructed to adjust the amount incurred on construction of building amounting to INR. 36,10,787 against the amount payable to the society (Seth Pokhermal Educational Society) amounting INR. 50,13,049. However, on review of Financial Statement of FY 2018-19, it has been noted that till date school has not passed the rectification entry in its books of accounts. Therefore, school is once again directed to make necessary accounting entries in relation to the building account and society's loan account in its financial statements and submit the compliance report within 30 days from the date of issue of this order.

3. As per Para 67 (ii) of Guidance Note on Accounting by Schools issued by The Institute of Chartered Accountant of India states "the financial statement should disclose, inter alia, the historical cost of assets".

On review of the Financial Statements for the FY 2018-19, it has been noted that school has maintained two types of fixed assets schedule i.e. Assets purchased out of the Development Fund and Assets purchase out of General Fund. Further, school has reported its fixed assets on written down value on assets side of financial statement, which is contravention of Para 67(ii) of the Guidance Note. Therefore, school is directed to present the fixed assets on historical cost basis in the financial statement.

Further, 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."

On review of the Financial Statement for the FY 2018-19, it has been noted that school has incurred expenditure for purchase of Library Book amounting INR. 74,008 and for building amounting INR. 9,88,890. Accordingly, the aforesaid expenditures incurred by the school on purchase of Library Book and for building are in contravention of Clause 14 of Directorate's order No. F.DE. /15 (56) /Act/2009/778 dated 11.02.2009 because development fund can only be utilised for purchase, up-gradation and replacement of Furniture, Fixture and equipment. Therefore, school directed to utilize the development fund for purchase, up-gradation and replacement of Furniture, Fixture and Equipment. Further, School has not maintained separate bank account for the development fund. Therefore, school is directed to maintain development fund in a separate bank account for depositing and utilization of development fund in accordance with aforesaid clause 14.

Moreover, as per Para 99 of Guidance note on "Accounting by school" issued by the Institute of Chartered Accountants of India (ICAI), relating to restricted fund, "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". Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in proportion to depreciation charged in revenue account. By following the aforesaid accounting treatment for development fund, development fund utilisation account and depreciation on assets purchased out of development fund as per para 99 of GN-21, the depreciation reserve fund is remain mere accounting head and school do not require creation of equivalent investments against the depreciation reserve. However, it has been noted that school has not followed para 99 of GN 21.

Further, on review of Financial Statements for the FY 2018-19, following observations have been noted:

(a) School has created Salary arrears payable amounting INR. 14,68,449 out of depreciation reserve fund but since depreciation reserve fund is a notional account therefore, the creation of salary arrears payable out of depreciation reserve fund is incorrect accounting treatment as the same is not in accordance with aforesaid para 99 of guidance note. School is directed to rectify the depreciation reserve fund account by passing appropriate accounting entries.

(b) School has transferred the balance amount of depreciation reserve fund amounting INR.26,78,906 to general reserve fund and reduced the depreciation reserve fund to nil. As per clause 14 of aforesaid order dated 11.02.2009 school is required to create and maintain depreciation reserve fund if it continues to charge development fund. Moreover, in respect of fixed assets purchased out of development fund it is noted that the depreciation reserve fund has been credited twice by charging depreciation in the Income and Expenditure Account and through general reserve fund account for INR. 9,63,736. School need to rectify its accounting presentation for depreciation reserve fund as the aforementioned accounting practice is not in accordance with clause 14 of order dated 11.02.2009 and para 99 of Guidance Note 21 Accounting by Schools issued by the Institute of Chartered Accountants of India. Accordingly, school is directed to make necessary adjustment entry to rectify the Depreciation reserve fund, salary arrears payable account and general reserve fund and the same will be verified at the time of evaluation of next fee increase proposal of the school.

(c) It is also noted that during FY 2018-19, school has disposed off fixed assets purchased out of development fund and impact of the same has been taken on net basis (original cost of assets minus accumulated depreciation) amounting INR. 58,477 (Gross value INR. 1,73,531 – Accumulated depreciation of INR. 1,15,054) from 'DF Capital Reserve Fund'. This accounting treatment is not in accordance with the generally accepted accounting principles. School is required to consider the impact of gross value of these fixed assets in the 'DF Capital Reserve Fund' and the impact of accumulated depreciation on fixed assets disposed in Depreciation reserve fund account. School is directed to make necessary adjustment entry to rectify the Depreciation reserve fund, DF Capital Reserve Fund and development fund account and the same will be verified at the time of evaluation of next fee increase proposal of the school.

(d) It has been noted that during the FY 2018-19, in the schedule of 'Fixed assets purchased out of development fund' school has capitalised fixed assets for INR.29,92,710. On review of schedule of development fund, it has been noted that the school has purchased fixed assets out of development fund for INR. 19,73,699 and remaining fixed assets for INR. 10,19,011 have been purchased out of depreciation reserve fund. As per para 99 of Guidance Note 21 depreciation reserve fund is the notional account only and thus, there is no fund is actually available for utilisation like purchase of fixed assets. Accordingly, the treatment followed by the school is incorrect and not in accordance with para 99 of GN 21.

(e) As per Para 22 of Accounting Standard 1- Disclosure of Accounting Policies, *any change in an accounting policies which has a material effect should be disclosed. The amount by which any item in the financial statements is affected by such change should also be disclosed to the extent ascertainable*. Moreover, as per Para 63 of Accounting Standard 10, the depreciation method applied to an asset should be reviewed at least at each financial year end and, if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, the method should be changed to reflect the changed patter. Such a change should be accounted for as a change in an accounting estimate in accordance with AS 5. Moreover, as per order No F. DE-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, every unaided recognised private school shall submit return and documents as per rule 180 read with appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the ICAI in Guidance Note on accounting by School. Guidance Note also prescribes for following the accounting standards issued by the Institute of Chartered Accountants of India. In FY 2018-19, school has changed the rate of depreciation for fixed assets purchased out of development fund and has followed the rates of depreciation prescribed in the guidance note (as per school submission). It has been noted that one impact of the same has been taken in DF Assets Capital Reserve account and the second impact has not been explained. Since these fixed assets were purchased out of development fund therefore adjustment needs to be made in DF Assets Capital Reserve as well as in depreciation reserve fund. Also, school has not made appropriate disclosures and presentation of these adjustments in accordance with provision of Accounting Standard 1 and 10. Therefore, school is required to make necessary adjustment in the books of accounts and the same will be verified at the time of evaluation of next fee increase proposal of the school.

In view of aforesaid observations and also, that development fund was misutilised by the school for library books and building, the balance of development fund shown in the financial statements cannot be considered as correct. Therefore, while deriving the fund position of the school no impact has been considered.

4. Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010 stated "In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial-year & it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for ensuing Academic year."

As per direction of previous order No. F.DE. 15(125)/PSB/2019/1505-1509 dated 04.04.2019 issued for academic session 2017-18 that school has not maintained separate bank account or fixed deposit and has not credited interest to the caution money ledger account for refund to students at the time of their leaving. And, school has stopped to collect the caution money since 2008. Therefore, school has directed to follow clause 3 and 4 of order dated 09.09.2010 for refund of the security to ex-student. After expiry of 30 days, the un-refundable caution money/security shall be treated as income for next financial year. On review of financial statement, school has not follow the direction mentioned in the previous order for refund of the security/caution money. Therefore, school is once again directed to follow clause 3 & 4 or order dated 09.09.2010.

5. According to clause 9 of Order No 1978 dated 16.04.2010, school shall not introduce any new head of account or collect any fee thereof other than those permitted by the Directorate.

On review of the Budgeted Receipt and Payment for FY 2019-20, it has been noted that school has introduce a new head of earmarked levies namely Diary/I-card charges without obtaining the approval from the department,

Therefore, school is directed to stop to collect the earmarked levies namely Diary/I-card charges immediately and return/adjust the collected amount of Diary/I-Card Charges from the upcoming fee.

6. 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.

On review of Budgeted Statement for FY 2019-20, School have neither created Salary reserve in its Financial Statement nor invested in the joint name of Dy. Director (Education) and Manager of the School.
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.

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 for the year 2019-20 amounting to INR. **2,54,53,223** out of which cash outflow in the year 2019-20 is estimated to be INR. **2,11,64,530**. This results in surplus amounting to INR. **42,88,694**. The details are as follows:

Particulars	**Amount in INR.**
Cash and Bank balances as on 31.03.19 **(as per audited financial statements for the financial year 2018-19)**	12,77,234
Investments as on 31.03.19 **(as per audited financial statements for the financial year 2018-19)**	38,00,000
Liquid Fund as on 31.03.2019	**50,77,234**
Add:- Arrears of 15 % fee hike on Tuition fee approved by the Directorate in Order No F. DE.15(125)/PSB/2019/1505-1509 dated 04.04.2019 **(Refer Note 1 below)**	19,42,545
Add:- Recovery of Up-gradation of classroom/building **(As per Financial Observation No. 3)**	9,88,890
Add: Recovery from RD College of Education **(As per Financial Observation No. 1)**	10,46,558
Add: Fees for FY 2018-19 as per Audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20) **(Refer Note 2 below)**	1,72,77,933
Add: Other income for FY 2018-19 as per audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20) **(Refer Note 2 below)**	9,20,064
Total Available funds for FY 2019-20	**2,72,53,223**

Less:- Retirement Benefit- Gratuity and Leave encashment **(As per Financial Observation No. 2)**	18,00,000
Less:- Development Fund **(As per the Audited Financial Statement for the Financial Year 2018-19)**	-
Net Available Funds for FY 2019-20	**2,54,53,223**
Less: Budgeted expenses for the session 2019-20 **(Refer Note 3, 4 & 5 below)**	**2,11,64,530**
Cash surplus/ (Deficit) for FY 2019-20	**42,88,694**

Note 1: Directorate of Education have accepted the proposal of Fee Hike for the Academic Session 2017-18 vide order no F.DE.15(125)/PSB/2019/1505-1509 dated 04.04.2019 with effect from Academic Session 2019-20. Therefore 15% of Tuition fee (as per Financial Statement for the Financial Year 2018-19) have been considered while calculating the fund availability of the School.

Note 2: For Calculation of Fund Availability, all the income as per Audited Financial Statement for the FY 2018-19 have been considered while calculating the fund availability of the schools.

Note 3: For calculation of fund availability, all expenses as per budgeted Receipt and payment 2019-20 have been considered except the depreciation, being non-cash expenses amounting to INR. 12,00,000.

Note 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. On review of Budgeted Receipt and Payment Account for FY 2019-20, it has been noted that school has created contingency fund, amounting INR.450,000 in books of accounts however the corresponding amount has not been invested in the joint name of Dy. Director (Education) and Manager of School. Accordingly, the contingency reserve, amounting INR. 450,000 has been excluded while calculating the fund availability of the School. 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.

Note:-5 As per the Budgeted Income and Expenditure Account for FY 2019-20 submitted by the school along with proposal for fee increase, under the following heads the School has proposed expenditure in excess of 10% as compared to the actual expenditure incurred in FY 2018-19 or proposed new head of expenditure for which the school has not offered satisfactory explanation/ justification. Therefore, the aforesaid expenditure in excess of 10% over the previous year and/or new head of expenditure have not been considered in the evaluation of fee increase proposal.

(Amount in INR.)

Particulars	**Audited Income and Expenditure Account FY 2018-19**	**Budgeted Income and Expenditure Account FY 2019-20**	**Net Increase/ Decrease**	**% Change**	**Amount Disallowed**
Diary Syllabus	-	175,000	175,000	100%	1,75,000
Teaching Staff	84,81,936	1,05,00,000	20,18,064	24%	11,69,870

Further, as per Budgeted Receipt and Payment Account for the FY 2019-20 submitted by the School along with the proposal of fee increase, the school has estimated INR. 40,00,000 for arrears of salary (from 01.02.2016 to 31.03.2019) however as per school submission, as stated in order No F.DE.15.(125)/PSB/2019/1505-1509 dated 04.04.2019, the School Management Committee (SMC) has stated to implement the recommendations of 7th CPC from 01.01.2018 onwards and therefore, arrears of salary from 01.01.2016 to 31.12.2017 have been disallowed. Accordingly, based on school submission the salary arrears have been considered from 01.01.2018. The details of salary arrears proposed by the school and amount considered in the calculation of fund availability is given hereunder:

(Amount in INR.)

Particulars	**Budgeted FY 2019-20**	**Amount Allowed**	**Amount Disallowed**
Arrears of Salary	40,00,000	19,88,000	20,12,000

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 at 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 though certain financial 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), the fee increase proposal of the school may be rejected.

AND WHEREAS, the school funds have been used for purpose of building amounting INR. 9,88,890 in contravention of Rule 177 of DSER, 1973 and clause 2 of public notice dated 04.05.1997. An amount of INR. 10,46,558 is also recoverable from the College running from school premises. Accordingly, school is directed to recover the aforesaid amounts from the school within 30 days from the date of this order and shall submit the copy of receipt along bank statement showing receipt of the amount at the time of evaluation of next fee proposal of the school.

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 2019-20.

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 for enhancement of fee for the academic session 2019-20 of **Rukmini Devi Public School (School ID-1413241), B-5, Sector-4, Rohini, Delhi-110085** 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 2019-20. In case, the school has already charged increased fee during FY 2019-20, 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
Rukmini Devi Public School (School ID-1413241),
B-5, Sector-4, Rohini, Delhi-110085
No. F.DE.15 (541)/PSB/2022 / 3167 - 3171 Dated: 19/05/22

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 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