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

No. F.DE.15 (525)/PSB/2022/ 3053-3057 **Dated:** 17/05/22

Order

WHEREAS, **Titiksha Public School, Sector-11, Rohini, School ID-1413247,** (hereinafter referred to as **"the School"**), run by the Titiksha Academic Society (hereinafter referred to as "**Society**"), is a private unaided School recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as **"DoE"**), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as **"DSEAR, 1973")**. The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2019-20. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

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

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2019-20, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity to be heard on 14.10.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing, compliances against Order No. F.DE-15/ (181)/PSB/ 2019/1090-1094 dated 14.03.2019, issued for academic session 2017-18, was also discussed and submissions taken on record.

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

A. Financial observations:

1. Rule 175 of DSER, 1973 State *"all income received by the School is required to be reflected in the accounts with regard to the School Fund or the Recognised Unaided School Fund, as the case may be, clearly exhibiting the income accruing under each head, i.e., fees, fines, income from building rent, interest, development fee, etc."*

   From review of the record submitted (rent agreement) by the School, it has been noted that a portion of the school property has been let out to Indian Overseas Bank. The Society has been collecting rent, which is in contravention of Rule 175 cited above. Further, while the School is incurring all incidental expenditures relating to the maintenance, such as ground rent, house property tax, etc., the income generated from the school property is not being received by the School. Therefore, any income which is generated from school property should also be the income of the School, not of the Society.

   The DoE in its order No. F.DE-15/ (181)/PSB/ 2019/1090-1094 dated 14.03.2019, issued for academic session 2017-18, has already noted this observation and directed the School to recover INR 62,28,700 from Society which is still pending recovery. It has also been observed that the Society has further collected INR 35,83,308 as rent from April 2017 to March 2019. Therefore, the rent collected by the School of INR 98,12,008 is recoverable from the Society being the income of the School. Therefore, this amount has been included while deriving the fund position of the School and it is directed to the School to recover this amount from the Society within 30 days from the date of issue of this order.

   Further, the rent agreement revealed that Society has taken interest free security deposit of INR 10,56,090 from the Indian Overseas Bank. Therefore, any income which the Society has earned on this deposit should also be the income of the School. Therefore, the School is directed recover the actual interest earned by the Society on the aforesaid deposit if any.

2. The Hon'ble High Court of Delhi, in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh held 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"*.

   Further, Rule 177 of DSER, 1973 states *"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"*.

   Further, Rule 176 states *"Income derived from collections for specific purposes shall be spent only for such purpose"*

The review of the audited financial statements of FY 2017-18, revealed that the School purchased two buses for INR 34,90,000 by taking loans of INR 31,40,000 from ICICI Bank. The remaining amount of INR 3,50,000 was paid out of the School Fund as a down payment. During the last two financial year, the School has paid INR 12,83,368 towards principal repayment and INR 3,68,198 towards interest cost.

Further, the DoE in its order No. F.DE.15(181)/PSB/2019/1090-1094 dated 14/03/2019, noted the similar observation wherein the School had incurred INR 67,38,197 for purchase of two buses and a car by taking loans, and had paid INR 10,32,695 towards principal repayment and INR 48,837 towards the interest cost during the last two financial years. In the aforesaid order the School was directed to recover this amount from the Society which is still pending for recovery.

As the School is not following fund-based accounting and has not created fund account against transport service provided to students. The income and expense towards transport service from the audited financial statements from FY 2016-2017 to FY 2018-2019 has been evaluated (Refer Point no. 1 under Other Observations) and it was noted that the School was charging transport fee, which was not adequate to cover revenue (operating) expenses for providing the transport service to the students.

Also, this capital expenditure on buses has been incurred by the School without complying with the requirements prescribed in Rule 177 of DSER, 1973. Thus, it appears that the school has utilized its funds for purchase of buses and then submitted the proposal for fee increase which translates to constituting capital expenditure as component of the fee structure of the school, hence non-compliance, since the school has been running in deficit from the transport facility provided to students.

Accordingly, the amount spent by the school for purchase of buses totalling to INR 98,21,295 (INR 20,015,66 + INR 67,38,197 + INR 10,81,532) is hereby added to the fund position of the school considering the same as funds are 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.

The School is further directed to ensure that capital assets are not procured from the School funds unless savings are derived in accordance with Rule 177 of DSER, 1973. Accordingly, INR 9,45,000 proposed by the School for FY 2019-20 towards repayment of loan and interest thereon has been excluded from the budgeted expenditure of the School.

3. As per clause 2 of 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*"

Accordingly, based on the provisions, the cost relating to construction of the School building has to be met by the Society, the School Fund i.e., fee collected from students can't be utilized for the same.

Review of the audited financial statements of FY 2018-19, revealed that the School has spent INR 69,90,619 towards development of campus, (i.e., Badminton Academy) without complying with the requirements of Rule 177 of DSER, 1973. From the record submitted by the school, it has also been noted that School is yet to pay salary arrears to its staff and has to make equivalent investment in plan assets for payment of gratuity and leave encashment etc., in accordance with the requirement of Accounting Standard (AS) – 15. Therefore, the amount of INR 69,90,619 spent by the School on development of campus which is part of the School buildings is recoverable from the Society. Accordingly, has been included in the calculation of fund availability of the School. The school is directed to recover this amount from the Society within 30 days from the date of issue of this order.

4. The DoE in its Order No. F.DE.15(181)/PSB/2019/1090-1094 dated 14.03.2019, noted that the School had utilized INR 1,11,63,272 for purchase of fixed assets during FY 2014-15 to 2016-17 out of the development funds but the same was not reported in the audited financial statements of the School. Accordingly, the School was directed to recover this amount from the Society. However, the School has neither recovered this amount from the Society nor reported these assets in its audited financial statements of FY 2018-19. Therefore, INR 1,11,63,272 has again been added to the fund position of 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.

5. As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission. Further, the Supreme Court in its judgement dated 02.05.2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh (Medical Council of India) held that education is a noble profession. "*Every demand of capitation fee by educational institutions is unethical & illegal. It emphasized that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis*".

Hon'ble Supreme Court categorically held that "*Though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore, profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions,*"

The School has been collecting "Orientation Fee" as one-time fee from the new admission of general students. The basic purpose of this collection is to facilitate the parents about the School activities which will be carried on by the School for their kids. Which is nothing but a kind of "Capitation Fee".

Further, the DoE, vide its Order No. DE15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and Order No.F.DE./15(56)/Act/2009/778 dated 11.02.2009, has specified the heads of fee that a private unaided recognised School can collect from the students/ parents which are as under:

- Registration Fee
- Admission Fee
- Caution money
- Tuition fee
- Annual Charges
- Earmarked levies
- Development fee

Based on the above-mentioned provisions, the School cannot collect a one-time charge in the name of "Activity Fee for Orientation Programme" from the students. The School has collected INR 15,30,200 during FY 2017-18 and INR 32,30,000 during FY 2018-19. From the review of the ledger account submitted by the School, it has been noted that School has been utilizing this fee for various activities including Mother's Day celebration. This clearly indicates that the School has devised another way of its revenue augmentation which is not permissible. 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. Accordingly, the School is directed not collect this fee with immediate effect from the students.

6. As per AS-15 on 'Employee Benefits' issued by the Institute of Chartered Accountants of India (ICAI) states that "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*" Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

   a. Assets held by a long-term employee benefit fund; and
   b. Qualifying insurance policies

   Para 57 of AS-15 states that *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

   The record submitted by the School were taken on record, it has been noted that the School has got for the first time the actuarial valuation for its retirement benefits. As per the actuarial valuation report the total liability for gratuity was INR 89,09,447 and for leave encashment was INR 39,04,251 as on 31.03.2019 which has been reported by the School in its audited financial statements. However, the School has not made any investments in Plan Assets against these liabilities because the fund balance as per the actuarial valuation report was nil. Since, the School has not invested any amount in 'Plan Assets' as per the requirements of AS-15 issued by the ICAI. Therefore, the payable by the School of INR 3,78,717 (Gratuity and Leave Encashment) during FY 2019-20 has been considered while deriving the fund position of the School.

   Accordingly, the amount proposed by the School of INR 27,00,000 for FY 2019-20 towards gratuity and leave encashment has been restricted to INR 3,78,717 and remaining balance of INR 23,21,283 has excluded from the budgeted expenditure of the School. The School is hereby directed to invest an amount equivalent to the amount determined in the actuarial valuation report in plan assets as per the requirement of AS-15 within 30 days from the date of issue of this order.

7. As per Section 2(m) of DSEA, 1973 states that "Manager" in relation to a School, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force, or as the case may be, under a scheme of management made under section 5, with the management of the affairs of that School.

Based on the above, the Manager of a School is not entitled to any payment whatsoever from the School funds. Since, the post of Manager is an honorary post, therefore, the whole remuneration of INR 12,23,000 paid to the Manager is recoverable from the Manager/Society. Accordingly, this amount has been included while deriving the fund position of the School with the direction to recover this amount from the Manager/Society within 30 days from the date of this Order. The School is further directed not to make any subsequent payment to the Manger in the form of salary and otherwise. Details of payments made to the Manager in last 2 financial years is provided below:

Name of Manager	Period	Amount in INR
Ms. Promil Bali	2017-18	5,85,000
Mr. Subhash	2018-19	2,88,000
Mr. S C Sachdev	2018-19	3,50,000
Total		**12,23,000**

B. Other Observations:

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

Rule 176 – 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states that "*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 that "*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 that "*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 ICAI, 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-21, 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).

The School explained that it has been following fund-based accounting for earmarked incomes i.e., Activity fee and Transport fee and the School has incurred surplus/deficit in respect on these levies. From the information provided with respect to earmarked levies, it has been noted that the School charges earmarked levies in the form of Activity Fees and Transport Fee from the students. However, the School has not been following fund base accounting for these earmarked levies. The detailed calculation of surplus/deficit for the earmarked levies are provided below.

Particulars	**Transport**	**Activity Fee**
Fee from Activities 2016-17	1,14,94,200	26,80,982
Expenses for Activities 2016-17	1,12,91,377	32,98,611
Surplus/ (Deficit)	**2,02,823**	**(6,17,629)**
Fee from Activities 2017-18	1,25,72,900	31,25,558
Expenses for Activities 2017-18	1,31,98,814	31,58,046
Surplus/ (Deficit)	**(6,25,914)**	**(32,488)**
Fee from Activities 2018-19	1,41,46,050	46,71,079
Expenses for Activities 2018-19	1,39,44,712	46,63,894
Surplus/ (Deficit)	**2,01,338**	**7,185**

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 Activity fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Thus, based on the nature of the Activity fee, the School should not charge such fee as earmarked fee and should incur the expenses relating to these either from tuition fee or annual charges, as applicable.

The School is hereby directed to maintain a separate fund account capturing clearly, the amount collected, amount utilised 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 user students 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.

2. The School is not complying with the DoE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as condition specified in the land allotment letter which require to provide 25% reservation for children belonging to EWS category. Therefore, the School is directed to ensure the admission in accordance with the aforesaid order. From the records provided by the School, the percentage of EWS has been calculated below:

Particulars	FY 2018-19
Total Students	3,027
EWS Students	668
% of EWS students	22.06%

3. Based on the information provided by the School with respect to the rate of fees and number of fee-paying students. Fee reconciliation has been carried out. From the below table it can be referred, that significant variation of around 08% was noted under each head of fee. Therefore, the School is directed to reconcile its fee and submit the reconciliation statement with proper justification to the DoE within 30 days from the date of issue of this Order. Details of such variances has been provided below:

Particulars	Tuition Fees	Development Fees	Annual Charge
As per Proposal (Fee * no. of fee-paying students)	7,75,77,144	1,08,46,092	1,87,54,050
Fee as per audited FS of FY 2018-19	7,15,21,941	99,98,874	1,73,87,313
Difference (in INR)	(60,55,203)	(847,218)	(13,66,737)
Difference in %	**8.46**	**8.47**	**7.86**

4. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

From review of the audited financial statements of 2018-19, it has been noted that the School has not made any disclosure relating to related party transactions in its audited financial statements. In the absence of such details, the purpose and genuineness of transactions entered into between the related parties cannot be determined. Therefore, the School is hereby directed to include such details in audited financial statements of the subsequent year.

5. As per 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, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the* *concerned School and shall be returned to the student at the time of his/her leaving the School along with the bank interest thereon irrespective of whether or not he/she requests for refund."*

However, on review of audited financial statement for the FY 2017-18 and 2018-19, it has been observed that the School is refunding only the principal amount to the student at the time of leaving the School, which is a contravention of clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009. The balance of caution money as on 31/03/2019 is INR13,93,000 as per audited financial statements for the FY 2018-19.

Accordingly, the School is again directed to comply with clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009.

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

On account of number of complaints received by the Institute of Chartered Accountants of India (ICAI) regarding signatures of Chartered Accountants (CAs) are being forged by non-CAs and corresponding findings by ICAI that financial documents/certificates attested by third person misrepresenting themselves as Chartered Accountants (CA) are misleading the Authorities and Stakeholders, ICAI, at its 379th Council Meeting, made generation of Unique Document Identification Number (UDIN) mandatory for every signature of Full time Practicing Chartered Accountants in phased manner for the following services:

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

Therefore, generation of UDIN has been made mandatory for all audit and assurance functions like documents and reports certified/ issued by practising Chartered Accountants from 1 Jul 2019. The UDIN System has been developed by ICAI to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Regulators. Further, ICAI issued an announcement on 4 June 2019 for the attention of its Members with the requirement of mentioning UDIN while signing the Audit Reports effective from 1 Jul 2019, which stated "*With a view to bring uniformity in the manner of signing audit reports by the members of ICAI, it has been decided to require the members of ICAI to also mention the UDIN immediately after the ICAI's membership number while signing audit reports. This requirement will be in addition to other requirements relating to the auditor's signature prescribed in the relevant law or regulation and the Standards on Auditing.*"

Standard on Auditing (SA) 700 (Revised) – 'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India include formats for issuing audit opinions on the financial statements by practicing Chartered Accountants.

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

i. *All the statements that comprise the financial statements, including the related notes, have been prepared; and*

ii. *Those with the recognized authority have asserted that they have taken responsibility for those financial statements."*

The financial statements for FY 2018-2019 submitted by the School along with Audit Report signed by Chartered Accountant did not cite UDIN, as mandated by ICAI. Further, the Chartered Accountant failed to mention the date of signing on the audit report, balance sheet and income and expenditure account. However, notes to accounts enclosed with the financial statements were signed on 5 Sep 2019. Further, the audit report issued by the auditor is not in accordance in the format prescribed under SA 700 since it fails to draw reference to applicable accounting standards or Generally Accepted Accounting Principles and does not give opinion on the true and fair view of state of affairs of the school, surplus/deficit during the year and cashflows during the year. Therefore, authenticity of the audit and that of the financial statements for FY 2018-2019 submitted by the School could not be verified.

While the School has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, these financial statements for FY 2018-2019 have been taken on record by the Directorate and the same have been considered for evaluation of the fee increase proposal of the School for the academic session 2019-2020 assuming the same as unauthentic financial statements.

The School is directed to confirm from the auditor whether UDIN was generated in respect of the audit opinion issued by the auditor on the financial statements of the School for FY 2018-2019. If it was generated, the same should be mentioned by the School in its compliance report. In case, UDIN was not generated by the auditor, the School is directed to seek explanation from the auditor for not complying with the requirements notified by ICAI and get the said audit report and financial statements verified from the Institute of Chartered Accountants of India for its authenticity and validity.

The School is further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including compliance with SA 700 and generation of UDIN.

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 FY 2019-20 amounting to **INR 161,343,633** out of which the estimated routine expenditure of the School for the FY 2019-20 is estimated to be **INR 145,032,244.** This results in net Surplus of **INR 16,311,389** for FY 2019-20 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.19 as per Audited Financial Statements of FY 2018-19	5,025,977

Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19	276,744
Liquid Fund as on 31.03.2019	**5,302,721**
Add: Rental Income to be recovered from the Society (Refer to Financial Observation no.1)	9,812,008
Add: Amount recoverable from the Society for purchase of School buses and car (Refer to Financial Observation no.2)	9,821,295
Add: Amount recoverable from Society against capital expenditure incurred on badminton sports academy. (Refer to Financial Observation no.3)	6,990,619
Add: Amount recoverable from the Society for asset purchased but not reflected the same in the audited financial statements (Refer to Financial Observation no.4)	11,163,272
Add: Amount recoverable from the Manager/ Society against payment to salary. (Refer to Financial Observation no.7)	1,223,000
Add: Fee as per Audited Financial Statements on the assumption that amount received in FY 2018-19 will be the least accrue in FY 2019-20.	117,820,907
Add: Other income as per Audited Financial Statements assumption that amount received in FY 2018-19 will at least accrue in FY 2019-20	887,559
Total Available Funds for FY 2019-20	**163,021,381**
Less: FDR with joint name of School Manager and CBSE as on 31.03.2019	276,744
Less: Caution Money as on 31.03.2019	1,393,000
Less: Development Fund	8,004
Less: Staff retirement benefits- Gratuity	0
Less: Staff retirement benefits- Gratuity & Leave Encashment	0
Net Available Funds for FY 2019-20	**161,343,633**
Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20 **(Refer Note 1 below)**	131,279,169
Less: Salary arrears as per 7th CPC submitted by the School	13,753,075
Net Surplus	**16,311,389**

Note 1: All budgeted expenditure of the School has been considered except the following.

Head	Amount Proposed	Amount Allowed	Disallowed	Remarks
Gratuity and Leave encashment	27,00,000	3,78,717	23,21,283	Refer Financial observation no. 6
Repayment of Loan	9,45,000	-	9,45,000	Refer Financial observation no. 2

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 on the existing fee 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 the above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial observations (appropriate financial impact has been taken on the fund position of the School) and certain other observations (appropriate instructions have been given in this order), that the sufficient funds are available with the School to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the School may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 3,90,10,194 towards repayment of loans for purchase of buses and car, manager salary, construction of immovable property, which is of capital nature, which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. Thus, the school is directed to recover INR 3,90,10,194 from the Society. The receipt of the above amount along with the copy of the bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this Order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of sections 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 funds are available with the School for meeting its 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.

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

Accordingly, it is hereby conveyed that the proposal of fee increases for academic session 2019-20 of **Titiksha Public School, Sec- 11, Rohini, Delhi (School Id: 1413247),** has been 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 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 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
Titiksha Public School (School Id: 1413247),
Sec- 11, Rohini,
Delhi-110085

No. F.DE.15 (525)/PSB/2022/3053-3057 Dated: 17/05/22

Copy to:

1. P.S. to 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