

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

No. F.DE.15 (447)/PSB/2022/2341 - 2345

Dated: 27/04/22

Order

WHEREAS, St. Angel's School (School ID - 1413253), A-Block, Sector-15, Rohini, Delhi - 110089, (hereinafter referred to as "the School"), run by the Bal Shekshik Avam Boddhik Vikas Samiti Society (hereinafter referred to as the "Society"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "DoE"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "DSEAR, 1973"). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

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

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

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

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

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

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



"27....

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

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

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

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

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

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **St. Angel's School (School ID - 1413253), A-Block, Sector-15, Rohini, Delhi - 110089**, 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, in order to examine that the proposals submitted by the schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School very carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 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, the school was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing compliance of order no. F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 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 together with the subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants and the key observations noted are as under:



## A. Financial Observations

1. The Hon'ble High Court of Delhi in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded 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".

And the above-mentioned 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.

From review of the audited financial statements, it was noted that the school spent INR 40,96,166 for purchase of two new busses in FY 2017-18 without complying with the requirement of Rule 177 of DSER, 1973. Accordingly, the has used school's funds to provide service only to specific users of the transport service. As per Rule 177, income of the school at first instance should be used for meeting the establishment cost including the retirement benefit payable to the staff of the school. From the documents submitted by the school, it was noted that the school utilised the school's funds for purchase of buses and submitted the proposal for increase in fee, this translate to constituting capital expenditure as component of the fee structure. While the school is yet to implement the recommendations of 7<sup>th</sup> CPC and has to be invest equivalent amount in plan asset for the retirement benefit.

The similar observation was also noted in Directorate's order no. F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 issued for academic session 2017-18. In the aforesaid order, the School was directed to recover INR 18,16,500 from the society for the amount spent on purchase of bus which is still pending for recovery. Hence, the total amount incurred by the school of INR 59,12,666 ( INR 40,96,166 plus INR 18.16,500) for purchase of buses is not in accordance with the provision of Rule 177 of DSER, 1973, Accordingly, it has been included in the calculation of fund availability of the school with the direction to the recover this amount from the society within 30 days from the date of issue of this order.



2. The position of 'Director' is not a prescribed post in the Recruitment Rules. The Directorate in its order no. F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 issued for academic session 2017-18, observed that the school had paid INR 40,38,853 as remuneration to director (Mr. Archit Bharadwaj) in last three financial years. In the aforesaid order the school was also directed to recover this amount from the director/ society which the school has yet to recover.

Further, from the documents submitted by the school, it was noted that the school has continuously been paying salary to director. During the FY 2017-18 and 2018-19, the school has paid INR 21,00,000 and INR 24,00,000 to directors by way of remuneration. As the position of "Director" is not a prescribed post in the Recruitment Rules. Therefore, remuneration paid to Director is not in accordance with the DSEAR, 1973. Accordingly, total remuneration of INR 85,38,853 paid to the director is recoverable from the director/ society being unauthorised expenditure incurred by the school. Accordingly, INR 85,38,853 has been included while deriving the fund position of the school with the direction to the school to recover this amount from the society/ director within 30 days from the date of issue of this order.

Further, the amount proposed by the school INR 27,00,000 for payment of salary to "Director/ Administrative Officer" is not in accordance with the DSEAR, 1973. Accordingly, the same has not been considered while deriving the fund position of the school.

3. The Directorate in its order no. F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 issued for academic session 2017-18, observed that school incurred expenditure of INR 43,50,850 for purchase of paints from Renu Nagar but the reasonability of which could not be justified as the invoice of the vendor was questionable. Accordingly, the school was directed to recover this amount from the society which is still pending for recovery.

The school in its reply submitted that the work was awarded to vendor only after fulfilling all the formalities like inviting of quotations, executing proper agreement and duly verified bills after execution of work. Periodical payment were made to the labours. However, the school has not provided any agreement entered with the vendor, details of percentage of completion of work based on which payments were made on regular basis. The school explained that entire work took 4 to 5 months to get it complete. However, as per ledger account, the payments were made over the period of nine months. Thus, the school unable to justify about the genuineness of the expenditure incurred by it. Accordingly, the aforesaid expenditure incurred by the school appears not to be genuine and therefore, has been included while deriving 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.

4. Clause 14 of DoE's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."*



Further, para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 states *“Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.”*

Form the presentation made in the audited financial statements of FY 2018-19, it was noted that assets purchased out of the development fund is not reflected on the face of balance sheet while the depreciation on the assets purchased out of the development fund was charged to income and expenditure account. The school instead of reporting the value of fixed assets on the face of the balance sheet, reported the same in the fixed assets schedule at the written down value. It has also been noted that the school has not transferred an amount equivalent to the purchase cost of the assets from Development fund to Development Fund utilisation account (Deferred Income) which is not in accordance with the accounting treatment indicated in the Guidance Note cited above.

Accordingly, the accounting treatment followed by the school does not fulfil with the requirements of the aforesaid clause 14 of the order dated 11.02.2009 and GN-21 issued by the Institute of Chartered Accountant of India. Thus, the school is required to make necessary rectification entries in its books of accounts relating to development fund and development fund utilisation account and ensure the compliance with clause 14 of the order dated 11.02.2009 and the Guidance Note-21.

During the personal hearing, the school verbally explained that it has started complying with clause 14 of the order dated 11.02.2009 and GN 21 from the FY 2019-20 but has not provided any details for verification. The compliance with the above direction would be verified during the evaluation of fee increase proposal of the school for the subsequent year. As the school has is not following the correct accounting treatment with respect development fund received and utilised, the balance of development fund as on 31.03.2019 has not been adjusted while deriving the fund position of the school.

5. As per Accounting Standard 15 - ‘Employee Benefits’ issued by the Institute of Chartered Accountants of India states *“Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.”* Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:
- a. Assets held by a long-term employee benefit fund; and
  - b. Qualifying insurance policies

Para 57 of Accounting Standard 15 - ‘Employee Benefits’ issued by the Institute of Chartered Accountants of India, *“An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.”*

From the documents submitted by the school, It was noted that the School reported total liability INR 1,58,42,379 toward gratuity and INR79,20,014 toward leave encashment in its audited

financial statements as on 31.03.2019 as per LIC Group Gratuity Scheme. It was also noted that the school invested INR1,00,000 towards gratuity and INR 1,00,000 towards leave encashment with the LIC and reported the same in its financial statements. The amount invested by the school with LIC qualify is plan assets within the meaning of AS-15 which has been considered while deriving the fund position of the school. However, the school is directed to invest an amount equivalent to the liability of retirement benefit and submit the compliance report within 30 days from the date of issue of this order.

The amount proposed by the school in its budget of INR 40,25,00 has not been considered because the school has not invested total liability in plan assets

6. 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.*"


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.*"

On review of the audited financial statements, it has been noted that the school has been collecting caution money from the students. But only principal amount is being refunded to the students at the time of his/ her leaving from the school which is not in accordance with the clause 18 of the order dated 11.2.2009 and clause 3 of the Public Noted dated 04.05.1997. The school is hereby directed to comply with the above-mentioned provisions with respect to caution money collected from the student. Further, the amount refundable of INR 3,50,500 as on 31.03.2019 as reported in the audited Financial Statements has been considered while deriving the fund position of the school.

#### **B. Other Observations**

1. Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"



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

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 incurrance 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 information provided by the school were taken on record, it has been noted that the school charges earmarked levies in the form of Transport Fees, Science fees, Computer fees, etc. from students. However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school. The Directorate’s order no. F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 issued to the school post evaluation of fee increase proposal of FY 2017-18, wherein the school was directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from student but the school has not complied yet. The details of surplus/ deficit of last three financial years is given below.

Particulars	Transport Fees	Computer Fees*	Science Fees*	Examination Fees*	Other Fees*
<b>For the year 2016-17</b>					
Fee Collected during the year (A)	27,73,295	1,97,085	11,32,785	7,57,980	11,14,348
Expenses during the year (B)	11,26,964	-	-	-	-
<b>Difference for the year (A-B)</b>	<b>16,46,331</b>	<b>1,97,085</b>	<b>11,32,785</b>	<b>7,57,980</b>	<b>11,14,348</b>
<b>For the year 2017-18</b>					
Fee Collected during the year (A)	29,46,500	1,99,292	10,80,418	8,26,925	21,35,531
Expenses during the year (B)	10,55,172	-	-	-	-
<b>Difference for the year (A-B)</b>	<b>18,91,328</b>	<b>1,99,292</b>	<b>10,80,418</b>	<b>8,26,925</b>	<b>21,35,531</b>
<b>Total</b>	<b>35,37,659</b>	<b>3,96,377</b>	<b>22,13,203</b>	<b>15,84,905</b>	<b>32,49,879</b>

\* Details of expenses incurred against earmarked levies collected from students was not provided by the school

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like Library, Laboratories, etc., and Science and Computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the fourth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Midday Meals etc.

Based on the aforesaid provisions, earmarked are to be collected only from the user students availing the services. And if the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered either form the Tuition Fee or from Annual Charges. Accordingly, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis. The school is also directed to disclose all the earmarked levies collected by the school in proposal submitted by the school in subsequent years. Further, the school should not charge any earmarked levy from students, which has not been reported/disclosed by the school to the Directorate, as the same remains unapproved.

2. *Rule 174 of DSER, 1973 states "Withdrawals from the School Fund or Recognised Unaided School Fund, as the case may be, shall be made jointly by the head of school and the manager of such school, or jointly by the head of the school and by any duly authorised member of the managing committee, where the head of the school is also the manager of the school"*

From the details submitted by the school it was noted that the school has appointed only manager as the signatory to the bank accounts held by the school. The school does not have joint signatories to the bank accounts, which is not in compliance with the rule mentioned above. During the hearing the school mentioned that that it is taking necessary steps towards compliance of the same. Therefore, the school is hereby directed to necessary steps to have to have joint signatories to the bank accounts of the school within 30 days of this order.

3. Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/975 dated 13 October 2017 issued to school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 noted that there are various expenses such as repairs and maintenance of building, computer repairs, and garden expenses etc. which are on the higher side. In one such instance, the school had paid INR 56,93,072 to Mr. Mukesh for whitewash and painting work of school building during the period of three years. The bills of vendor were not convincingly genuine, as the vendor was neither registered under VAT nor under service tax. In reply to the observation, the school has commented that it had deducted and deposited the works contract tax under DVAT for the said party and also submitted the Vat Return and other documents.





However, during the evaluation of fee increase proposal of the school for the FY 2017-18 the DDE (District) was requested to check the veracity of these expenditures and submit the report. The report of the concerned DDE(District) is still awaited. In view of this, the DDE(district) is again requested to check the veracity of these expenditures and submit their report within 30 days from the date of issue of this order. The compliance with direction would be viewed while evaluating the fee increase proposal of the subsequent years.

4. Part IV of Appendix III - 'Instructions for preparing Income and Expenditure Account' of Guidance Note 21 issued by the Institute of Chartered Accountants of India specifies that "Any item under which income or expense exceeds 1 per cent of the total fee receipts of the School or INR 5,000, whichever is higher, should be shown as a separate and distinct item against an appropriate account head in the Income and Expenditure Account. These items, therefore, should not be shown under the head 'miscellaneous income' or 'miscellaneous expenses'."

The school, in its audited Income and Expenditure Account for the FY 2018-19 has not segregated all items of income and expenses that exceeded 1% of the total fee receipts and had not provided the break-up of 'other Income' grouped under 'Fee from students' and 'Others' expenses. The school reported consolidated expenses under the head 'Others', which is more than 1% of the total fee receipts. The school is hereby directed to ensure that all subsequent year's financial statements are prepared in accordance with the requirements of Guidance Note 21 issued by ICAI.

5. In the previous order no F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 issued for academic session 2017-18, 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 or on single quotation basis.

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 year fee hike proposal.

6. As per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

On review of audited financial statements for the FY 2016-17, FY 2017-18 and FY 2018-19, it is noted that the school has presented fixed assets at Written Down Value on the face of the Balance Sheet and the fixed asset schedule annexed to the financial statements are also reflected only the written down value of the assets. The fixed asset schedule did not disclose opening gross block of assets, closing gross block of the asset, opening depreciation reserve and closing depreciation reserve.

The school is hereby directed to prepare financial statements, fixed asset schedule that disclose the historical cost of fixed assets in accordance with the Guidance Note-21 on Accounting by Schools.



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<sup>E</sup>, 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

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

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

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

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

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal of FY 2019-20, 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 observation 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 funds available for the FY 2019-20 amounting to INR **15,05,64,046** out of which cash outflow for the FY 2019-20 is estimated to be INR **15,53,77,228**. This results in net deficit amounting to INR **48,13,182** 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	42,51,375
Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19	27,68,111
Investment with LIC for retirement benefit as on 31.03.2019 as per audited Financial Statements of FY 2018-19	2,00,000
<b>Liquid Fund as on 31.03.2019</b>	<b>72,19,486</b>
Add: Recovery of cost of buses purchased [Refer Financial Observations No.1]	59,12,666
Add: Salary paid to Director of the school to be recovered. (Refer Financial Observations No.2)	85,38,853
Add: Recovery against painting expenses geniuses of which is questionable. ( Refer Financial Observations No.3)	43,50,850
Add: Fees for FY 2018-19 as per Audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	12,00,31,207
Add: Other income for FY 2018-19 as per Audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	50,61,484
<b>Total Available Funds for FY 2019-20</b>	<b>15,11,14,546</b>
Less: FDR ( the school submitted that no FDR has been made for specific purpose)	-
Less: Caution Money Liability as on 31.03.2019 (Refer Financial Observations No.6)	3,50,500
Less: Development Fund as on 31.03.2019 (Refer Financial Observations No.4)	-
Less: Investment with LIC for Gratuity (Refer Financial Observations No.5)	1,00,000
Less: Investment with LIC for Leave Encashment ( Refer Financial Observations No.5)	1,00,000
<b>Net Available Funds for FY 2019-20</b>	<b>15,05,64,046</b>
Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20. (after making adjustment) ( <b>Refer Note 1 below</b> )	11,45,03,274
Less: Salary arrears on account of 7 <sup>th</sup> CPC from January 2016 to March 2020. ( <b>Refer Note 2 below</b> )	4,08,73,954
<b>Estimated Deficit</b>	<b>48,13,182</b>

**Note 1:** Further, all budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except INR 51,87,562 provided for salary which was excessing considering the normal increase in salary and the following head expenditures.

Particulars	Amount in INR	Remarks
Provision for Gratuity	28,75,000	Refer Financial Observations no-5
Provision for Leave Encashment	11,50,000	Refer Financial Observations no-5
Director's Salary	27,00,000	Refer Financial Observations no-2
Depreciation	80,00,000	Depreciation being non-cash expense, it would not result in cash outflow.

**Note 2:** The salary arrears on account of 7<sup>th</sup> CPC as provided 2020 by the school till March has been considered while deriving the fund position of the school.

- ii. The School do not have sufficient funds to carry on its operation 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 utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase.”*

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other observations that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural observations which were also noted (appropriate instructions against which have been given in this order), that the funds are not 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 accepted.

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 funds are not available with the school for meeting financial implication for the academic session 2019-20. Further, it is relevant to mention that Covid-19 pandemic had a wide spread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears are not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee during the implementation of the 6<sup>th</sup> CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 06% to be effective from 01 July 2022.

AND WHEREAS, it is also noticed that the School has incurred INR 59,12,666 for purchase of buses out of the school funds which was not in accordance with Rule 177 and paid INR 83,38,853 to Director as remuneration and incurred INR 43,50,850 towards Repair and maintenance but the genuineness of which is questionable. Therefore, the school is directed to recover INR 1,88,02,369 from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of this order. Non-compliance with the above direction shall be taken up in accordance the provisions of DSEA&R, 1973.

AND WHEREAS, the act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

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

Accordingly, it is hereby conveyed that the proposal of fee increase, for the academic session 2019-20 of **St. Angel's School (School ID - 1413253), A-Block, Sector-15, Rohini, Delhi - 110089**, is accepted by the Director (Education) and the school is allowed to increase its by 06% to be effective from July 2022. Further, the management of said School is hereby directed under section 24(3) of DSEA 1973 to comply with the following directions:

1. To increase the fee only by the prescribed percentage from the specified date.
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  
St. Angel's School (School ID - 1413253),  
A-Block, Sector-15, Rohini, Delhi - 110089  
No. F.DE.15(447)/PSB/2022/ 2341-2345

Dated: 27/04/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North-West-B) 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