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

No. F.DE.15(761)/PSB/2022/ 4846-4850 **Dated: 22/06/22**

ORDER

WHEREAS, **Bosco Public School (School ID-1617176), Sunder Vihar, Paschim Vihar, New Delhi** (hereinafter referred to as "School"), run by the Bosco educational welfare 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 authorized 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/ other 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 & 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 very carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

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, school was also provided an opportunity of being heard on 04 Nov 2019 at 11:00 a.m 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 were noted.

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 findings noted are as under:

A. Authenticity of Audited Financial Statements

1. 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 Practising 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 Jun 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.*"

Though the financial statements for FY 2016-2017 to FY 2018-2019 submitted by the school were signed by the Chartered Auditor with reference to its Auditor's Report of even date, the audit report of the Chartered Accountant was not enclosed along with any of the financial statements (3 years) submitted by the school. Also, in respect of the financial statements of the school dated 11 Sep 2019, it could not be verified if the Chartered Accountant had generated UDIN for the same as mandated by ICAI. Also, UDIN was not mentioned on the financial statements for FY 2018-2019 submitted by the school. Therefore, authenticity of the audit and that of the financial statements 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 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 unaudited/provisional 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 are issued on its final accounts by practicing Chartered Accountant and the same comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India.

2. On examination of the financial statements for FY 2016-2017 to FY 2018-2019 submitted by the school, it was noted that any of the financial statements (all 3 years) submitted by the school were not appropriately authenticated by the representatives of the school, since all the pages of the financial statements were signed by only one representative of the school i.e. the Manager.

   The school is directed to ensure that the entire set of financial statements (all pages) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.

B. Financial Observations

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

   - *award of the 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.*

   (2) The savings referred to in sub-rule (1) shall be arrived at after providing for the following, namely: -

   (a) pension, gratuity and other specified retirement and other benefits admissible to the employees of the school,
   (b) the needed expansion of the school or any expenditure of a development nature,
   (c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or 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."

   On review of the financial statements for FY 2017-2018 and FY 2018-2019, it was noticed that the school had utilized school funds (i.e. fee collected from students) for procurement of various capital items such as air conditioners, camera, computer & printers, furniture & fixtures, musical instruments, oil heaters, etc amounting to INR 13,00,666 and INR 10,70,430 respectively without complying the requirements prescribed in Rule 177 of DSER, 1973 i.e. without deriving savings.

Based on the fact that the school did not implement the recommendations of 7th CPC and did not secure complete funds against staff gratuity and leave encashment in plan assets till date, the school did not comply with the requirements of Rule 177 (1) i.e. "*Income derived by an unaided utilized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances, and other benefits admissible to the employees of the school*".

Accordingly, the above mentioned capital expenditure incurred during FY 2017-2018 and FY 2018-2019 totalling to INR 23,71,096 (INR 13,00,666 plus INR 10,70,430) out of school funds without ensuring savings as per rule 177 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the society within 30 days from the date of this order.

Further, the school has proposed INR 18,00,000 towards capital expenditure during FY 2019-2020, which has not been considered as part of the budgeted expenses for FY 2019-2010 while deriving the fund position of the school (enclosed in the later part of the order) on the same rationale as mentioned above. Also, the school is directed to incur capital expenses from savings derived in accordance of Rule 177.

2. Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India 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.*" Further, according to para 7.14 of the Accounting Standard 15, "*Plan assets comprise:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies.*"

   Directorate Order No. F.DE.15(20)/PSB/2018/1463-1467 dated 7 Feb 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 directed the school to make earmarked investments in a phased manner against provision for gratuity and leave encashment with LIC of other insurer within 90 days so as to project statutory liabilities. The school submitted a statement from LIC as on 1 Apr 2019 indicating the amount deposited by the school towards gratuity and leave encashment of INR 1,22,00,000 and INR 30,50,000 respectively during FY 2018-2019.

   On further review of the financial statements of the school for FY 2018-2019, it was noted that while the school created provision equivalent to the amount of liability determined by LIC as on 31 Mar 2019. However, instead of reporting the plan-assets separately on the assets side of the Balance Sheet, the school deducted the amount deposited with LIC during FY 2018-2019 from the provisions and reflected provisions of INR 55,79,017 and INR 29,74,272 towards gratuity and leave encashment respectively as on 31 Mar 2019. Thus, resulting in under-provisioning of gratuity and leave encashment and non-reporting of value of investments in plan-assets in its financial statements as under:

Particulars	Gratuity (In INR)	Leave Encashment (In INR)
Liability determined by LIC as on 1 Apr 2019 (as per LIC's statement/intimation) (A)	1,77,79,017	60,24,272
Provision as on 31 Mar 2019 (as per financial statements for FY 2018-2019) (B)	55,79,017	29,74,272
Under Provisioning of liability as on 31 Mar 2019 (A-B)	**1,22,00,000**	**30,50,000**
Fund Value of Group Gratuity and Leave Encashment Schemes of LIC as on 1 Apr 2019 including interest thereon (as per LIC's statement/ intimation) not reported in the financial statements by the school	1,22,22,666	30,56,669

Accordingly, the school had understated both the asset and liability towards retirement benefits in its financial statements for FY 2018-2019.

The school also submitted an actuarial valuation report for measuring its liability towards gratuity and leave encashment as on 31 Mar 2018 along with statement from LIC providing valuation of gratuity and leave encashment as on 1 Apr 2019. From perusal of the actuarial valuation report and statement of LIC, the following were noted:

Particulars	As per Statement of LIC		As per separate Actuarial Valuation Report	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Valuation date	1 Apr 2019		31 Mar 2018	
No. of employee included in valuation	85		38	
Actuarial Valuation	1,77,79,017	60,24,272	1,93,98,575	1,21,89,940

The school did not provide any explanation for substantial difference in the actuarial valuation by LIC and that by the actuary. Since, the school created provisions for gratuity and leave encashment based on the actuarial valuation as per LIC, the separate valuation report provided by the school has been ignored especially considering that the number of staff mentioned in the actuarial valuation report were much lower as compared to actual staff of the school. The school must identify the reason for such substantial difference and ensure that the valuation of its liability is accurately measured for all its staff.

Based on the statement/intimation from LIC, fund value of plan assets in the form of group gratuity and leave encashment as on 1 Apr 2019 totalled to INR 1,22,22,666 and INR 30,56,669 respectively, which have been considered as value of the investments and correspondingly the same amounts have been adjusted as provisions of gratuity and leave encashment while deriving the fund position of the school (enclosed in the later part of this order).

Since the school did not submit any evidence of deposit of any additional amount during FY 2019-2020, the amount budgeted by the school as provision for gratuity and leave encashment have not been considered as part of the budgeted expenses for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order).

The school is directed to keep on depositing funds in the gratuity and leave encashment policies with LIC in subsequent years to ensure the value of the plan-assets matches the actuarial valuation. Further, the school is directed to accurately disclose the provisions of gratuity and leave encashment along with corresponding investments in plan-assets in its financial statements.

C. Other Observations

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

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

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

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

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

   Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

   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).

Directorate Order No. F.DE.15(20)/PSB/2018/1463-1467 dated 7 Feb 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 directed the school to follow fund based accounting in respect of earmarked levies and not to charge medical fee as earmarked levy.

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of transport fees and medical fee from students. However, the school is yet to maintain separate fund accounts for these earmarked levies and the school has incurred losses (deficit), which has been met from other fees/income. Details of calculation of deficit, based on breakup of expenditure provided by the school for FY 2018-2019 is given below:

Earmarked Fee	**Income (INR)**	**Expenses (INR)**	**Surplus/(Deficit) (INR)**
	A	**B**	**C=A-B**
Transport Fees^	78,49,350	81,21,602	(2,72,252)
Medical Fees	44,490	1,83,704	(1,39,214)

^ The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

Based on aforementioned, 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). Directorate Order No. F.DE.15(20)/PSB/2018/1463-1467 dated 7 Feb 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school is collecting medical fee from all its students and directed the school to stop the collection of medical fee. However, the school is continuing to charge medical fees from the students of all classes.

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 medical fees and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee and should incur the expenses relating to these from tuition fee or annual charges, as applicable.

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

2. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, differences were noted in the

fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school.

Following differences were derived based on the computation of FY 2018-2019:

Particulars	**Income reported in Income & Expenditure Account (A)**	**Fee computed based on details of no. of students provided by the school (B)**	**Derived Difference (C)= (A-B)**	**Derived % Difference (D)=(C/B*100)**
Tuition fee	7,43,14,560	7,25,89,568	17,24,992	2.32%

Further, the Income and Expenditure Account for FY 2018-2019 reported miscellaneous receipts of INR 5,56,659, the details regarding the nature of income was not provided by the school. Thus, it could not be evaluated whether these were collections from students or some other receipts.

The school should perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school. Further, the school should provide details of miscellaneous receipts reported in its Income and Expenditure Account for FY 2018-2019 along with its subsequent fee increase proposal.

Since the reconciliation needs to be performed by the school, no adjustment has been made in the fund position of the school (enclosed is the later part of the order).

3. Direction no. 3 of the public notice dated 4 May 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 Feb 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 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 9 Sep 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.*"

Directorate Order No. F.DE.15(20)/PSB/2018/1463-1467 dated 7 Feb 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 directed the school to repay the caution money along with interest thereon. During the personal hearing, school mentioned that it has started paying interest on caution money refund to students from FY 2019-2020. However, the school did not provide any evidence regarding the same.

Thus, the school is directed to ensure that interest on caution money is paid to the students along with the caution money refund at the time of leaving the school.

Further, during the personal hearing, it was mentioned by the school that it has not communicated with the ex-students for collection of their caution money and has not made any adjustment towards unclaimed caution money.

Therefore, the school is directed to communicate with ex-students to collect their caution money together with interest thereon and any unclaimed amount after 30 days of such communication should be treated as income by the school in its books of account.

Thus, on account of the same, entire balance reported in the financial statements for FY 2018-2019 of the school has been considered while deriving the fund position of the school (enclosed in the later part of this order).

4. Review of the proposal for enhancement of fee for FY 2019-2020 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2019-2020.

   The school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the year 2019-2020 amounting to INR 9,34,66,786 out of which cash outflow in the year 2019-2020 is estimated to be INR 10,79,43,085. This results in net deficit of INR 1,44,76,299. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	78,26,553
Investments (Fixed Deposits) including accrued interest as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	22,31,113
Investment against retirement benefits (Gratuity & Leave Encashment) with LIC as on 1 Apr 2019 [Refer Financial Observation No. 2]	1,52,79,335
Total Funds Available with the School as on 31 Mar 2019	**2,53,37,001**
Add: Fees and other income for FY 2019-2020 based on financial statements of FY 2018-2019 of the school [Refer Note 1]	8,22,32,835
Add: Amount recoverable from Society on account of capital expenditure incurred during FY 2017-2018 and 2018-2019 without compliance of Rule 177 of DSER, 1973 [Refer Financial Observation no. 1]	23,71,096
Gross Estimated Available Funds for FY 2019-2020	**10,99,40,931**
Less: FDR against specific liabilities (with CBSE) (as per the financial statements of FY 2018-2019)	2,67,810

Particulars	Amount (INR)
Less: Caution Money Payable (as per the financial statements of FY 2018-2019)	9,27,000
Less: Retirement Benefits - Gratuity [Refer Financial Observation No. 2]	1,22,22,666
Less: Retirement Benefits - Leave Encashment [Refer Financial Observation No. 2]	30,56,669
Net Estimated Available Funds for FY 2019-2020	**9,34,66,786**
Less: Budgeted expenses for FY 2019-2020 [Refer Note 2]	8,89,68,980
Less: Arrears of salary as per 7th CPC for the period Jan 2016 to Mar 2019 (as per separate computation of 7th CPC submitted by the school)	1,89,74,106
Estimated Deficit	**1,44,76,299**

Notes:

1. Fees and incomes based on those reported in financial statements of FY 2018-2019 have been considered with the assumption that the amount of income during FY 2018-2019 will at least accrue during FY 2019-2020.

2. Per the Budget Estimate for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR 11,17,56,143, which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered. Further, during review of budgeted expenses, certain Observations were noted in expenses budgeted by the school, which were adjusted from the budgeted expenses. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2019-2020:

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
Salaries Teaching Staff	3,94,72,433	7,20,00,000	6,25,95,842	94,04,158	Salary expense has been considered as per the 7th CPC calculation submitted by the school separately.
Salaries Non-teaching Staff	1,25,04,776				
Gratuity	20,22,700	25,00,000	-	25,00,000	Refer Financial Observation no. 2
Leave Encashment	42,42,338	5,00,000	-	5,00,000	
Electricity and Water Expenses	17,78,177	25,00,000	19,55,995	5,44,005	No reasonable justification/ explanation provided by the school for such increase in expense as compared with FY 2018-2019. Accordingly, budgeted expense for FY 2019-2020

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
					has been restricted to 110% of the expense incurred during FY 2018-2019.
Renovation	-	50,00,000	-	50,00,000	While the school has not yet started paying salaries admissible to staff as per 7th CPC and has not secured complete funds towards gratuity and leave encashment, the expenditure of developmental nature on building by way of renovation has not been considered as per the provisions of Rule 177.
Security Refund	-	39,000	-	39,000	Entire balance of Caution Money as on 31 Mar 2019 has adjusted in table above. Thus, this budgeted payment has not been considered to avoid duplicity.
Capital Expenditure	10,70,430	18,00,000	-	18,00,000	Refer Financial Observation No. 1
Depreciation	30,35,385	30,00,000	-	30,00,000	Depreciation, being a non-cash expense, does not result in cash outflow. Hence, it has not been considered.
Total	**6,41,26,239**	**8,73,39,000**	**6,45,51,837**	**2,27,87,163**	

In view of the above examination, it is evident that the school does not have adequate funds for meeting all the expenses for the financial year 2019-2020.

ii. In view of the above examination, it is evident that the school does not has adequate funds for meeting all the operational expense for the financial year 2019-20. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states.

"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 has been taken on the fund position of the school) and certain procedural findings which were also noted (appropriate instructions against which have been given in this order), that the sufficient funds are not available with the to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a widespread 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 is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Further, it has to be seen that after Covid, which has affected the society at large, financial sudden burden to some extent may be avoided. 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 5% to be effective from 01 July 2022.

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.

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 academic session 2019-20 of **Bosco Public School (School ID-1617176), Sunder Vihar, Paschim Vihar, New Delhi** is accepted by the Director of Education and the school is hereby allowed to increase the tuition fee by 5% to be effective from 1 July, 2022.

Further, the management of said School is hereby directed under section 24(3) of DSEAR 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
Bosco Public School (School ID-1617176),
Sunder Vihar, Paschim Vihar,
New Delhi
No. F.DE.15(761)/PSB/2022/4846-4850 Dated: 22/06/22

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 (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