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

No. F.DE.15 (702)/PSB/2022/ 4285-4289 **Dated:** 07/06/22

ORDER

WHEREAS, **St. Marks Senior Secondary School (School ID: 1618249), Janakpuri Marg, Janakpuri, New Delhi-110058** (hereinafter referred to as **"the School"**), run by the Saint Marks Christian Educational Society (hereinafter referred to as the **"Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "**DoE**"), under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

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

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

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

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

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

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

"27....

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

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

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

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

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

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **St. Marks Senior Secondary School (School ID: 1618249), Janakpuri Marg, Janakpuri, New Delhi-110058,** submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

AND WHEREAS, to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2019-2020, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 12 December 2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key observations noted are as under:

A. Financial Observations

1. As per direction no. 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this

Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Moreover, Rule 177 of DSER, 1973 states that "*income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be arrived at after providing for the following, namely:*

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

Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

On review of audited financial statements for FY 2018-19, it has been noted that school incurred capital expenditure on construction of building out of school funds amounting to INR 51,49,427 which is not in compliance with the above mentioned provisions.

The school was well aware about the implementation of the recommendation of the 7th CPC and its statutory liability towards gratuity and leave encashment and the school instead of paying salary to its staff in accordance with the recommendation of 7th CPC preferred to incur expenditure of capital nature (which would otherwise will be responsibility of the society). Thus, school should refrain itself from incurring expenditure on school building and land as this is the responsibility of the society as per the aforesaid provisions.

Accordingly, the capital expenditure of INR 51,49,427 incurred by the school for construction of building is hereby added to the fund position of the school considering the same as funds available with the school with the direction to recover such amount from the society within 30 days from the date of issue of this order.

2. On review of audited financial statements of the school for the FY 2016-17 to FY 2018-19, it has been noted that the school hired external vendors to provide services related to Smart class hardware, SMS charges for smart class, hiring and maintenance charges of computer hardware and work force solutions on a monthly basis. The details of such vendors are as follows:

Vendor Name	Services	Period of Contract
Star Worldwide Infotech Ltd	To provide smart class hardware and Software content, Auxiliary education services, work force solution, maintenance and support system to hardware and software installed in the school.	01/04/2014 to 31/03/2017
Technologica Infotech Ltd	To provide smart class hardware and Software content, Auxiliary education services, work force solution, maintenance and support system to hardware and software installed in the school.	01/04/2017 to 31/03/2018
Technologica Infotech Ltd	To provide smart class hardware and Software content, Auxiliary education services, maintenance and support system to hardware and software installed in the school. (Contract for workforce solution was entered separately)	01/04/2018 to 31/03/2019
Technologica Infotech Ltd	To provide Temporary staffing services	01/04/2018 to 31/03/2019
Future Edu Solutions	To provide Temporary staffing services	01/11/2018 to 31/03/2021

Form the above table, it has been noted that the school has entered into a contract with Star Worldwide Infotech Ltd from 01st April 2014 to 31st March 2017 for availing smart class hardware and Software content, Auxiliary education services, maintenance and support system to hardware and software installed in the school at total cost of INR 21,00,000 per month exclusive of taxes. After termination of this contract, the school has entered into a contract with Technologica Infotech Ltd (a related party of Star Worldwide Infotech Ltd) for the period 01st April 2017 to 31st March 2018 for availing similar services as Star Worldwide Infotech Ltd was providing at a total cost of INR 14,50,000 per month exclusive of taxes. After this, a new contract was entered with Technologica Infotech Ltd for availing the abovementioned services except work force solution/temporary staffing services at a total cost of INR 10,21,650 exclusive of taxes and for the temporary staffing services, a separate contract was entered with the same vendor at a cost of Salary + 50% markup on salary.

On scrutiny of ledger accounts and review of the supporting documents submitted by the school, it has been noted that school has been paying INR 21,00,000 per month to Star Worldwide Infotech Ltd from 01/04/2014 to 31/03/2017 for provide smart class hardware and Software content, Auxiliary education services, work force solution, maintenance and support system to hardware and software installed in the school. On comparison of contracts, it was noted that another vendor named as Technologica Infotech Ltd is providing same services and charging INR 14,50,000 per month from the school. Further, it has been noted that both the above vendors are related to each other as they both are having the common Authorised Signatory. Hence, paying INR 21,00,000 per month for the similar services which could be availed in INR 14,50,000 per month is not justified. Therefore, the excess amount paid to Star Worldwide Infotech Ltd during FY 2014-15 to FY 2016-17 as calculated in table below has been considered as amount available with the school and direction is given to the school to recover this amount from the society.

Particulars	Amount (In INR)
Amount paid to Star Worldwide Infotech Ltd from 01/4/2014 to 31/03/2017 (i.e. 21,00,000*36 months) [A]	7,56,00,000
Add: GST @ 18% on above cost [B]	1,36,08,000
Total Amount Paid [C=A+B]	**8,92,08,000**
Less: Amount allowed to the extent quoted by Technologica Infotech for the similar work as per the agreement entered in Apr 2017 (i.e. INR 14,50,000*36 months) [D]	5,22,00,000
Less: GST @ 18% [E]	1,36,08,000
Total Amount to be disallowed [F=C-D-E]	**2,34,00,000**

Further, school has paid commission to Vendor- Technologica Infotech Ltd and Future Edu Solutions for providing Temporary staffing services. Technologica Infotech Ltd is charging markup @ 50% and Future Edu Solutions is charging markup @ 40% on salary. Paying commission @ 50% or 40% of salary is not justified, hence the same has been restricted to 10% of salary amount. Accordingly, amount of commission charges paid to Technologica Infotech Ltd and Future Edu Solutions in excess of 10% as calculated in table below has been disallowed and considered as amount available with the school and further direction is given to the school to recover this amount from the society.

Particulars	Amount (In INR)
Amount paid to Technologica infotech ltd. From 01.04.2018 to 31.10.2018 (Salary + 50% Markup on Salary) [A]	23,68,072
Amount paid to Future Edu Solutions From 01.11.2018 to 31.03.2019 (Salary + 40% Markup on Salary) [B]	18,38,377
Amount paid to Future Edu Solutions From 01.04.2019 to 31.03.2020 assuming amount paid in the month of March 2019 was atleast paid during FY 2019-20 (Salary + 40% Markup on Salary) [B]	48,33,576
Total Amount paid to Vendors during FY 2018-19 [C=A+B]	**42,06,449**
Commission in excess of 10% paid to Technologica infotech ltd. [D]	18,94,458
Commission in excess of 10% paid to Future Edu Solutions [E]	13,78,783
Commission in excess of 10% paid to Future Edu Solutions [F]	36,25,182
Total Amount to be Disallowed for FY 2018-19 and 2019-20 [G=D+E+F]	**68,98,422**

Hence, the school is directed to recover total of INR **3,02,98,422** (i.e INR 2,34,00,000 and INR 68,98,422) from the society within 30 days from the date of issue of this order.

3. As per the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided schools to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India & Ors.*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

a) It is reiterated that annual fee-hike is not mandatory.

b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.

c) If any school has collected fee in excess of that determined as per procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

On review of submission of documents made by the school post personal hearing, it has noted that school had increased the tuition fee, development fee and annual charges charged from students every year from FY 2015-16 to FY 2019-20 without prior approval of the Directorate which is not in compliance of above mentioned provisions. Details of tuition fee, development fee and annual charges charged by the school during FY 2015-16 to 2019-20 are as follows:

Tuition Fee

Per month (in INR)

Class	2015-16	2016-17	2017-18	2018-19	2019-20
I	4,500	4,500	4,500	4,500	4,500
II	3,360	4,500	4,500	4,500	4,500
III	3,360	3,360	4,500	4,500	4,500
IV	3,360	3,360	3,360	4,500	4,500
V	3,360	3,360	3,360	3,360	4,500

Development Fee

Half yearly (in INR)

Class	2015-16	2016-17	2017-18	2018-19	2019-20
I	4,050	4,050	4,050	4,050	4,050
II	3,020	4,050	4,050	4,050	4,050
III	3,020	3,020	4,050	4,050	4,050
IV	3,020	3,020	3,020	4,050	4,050
V	3,020	3,020	3,020	3,020	4,050

Annual Charges

Annually (in INR)

Class	2015-16	2016-17	2017-18	2018-19	2019-20
I	6,000	6,000	6,000	6,000	6,000
II	4,400	6,000	6,000	6,000	6,000
III	4,400	4,400	6,000	6,000	6,000
IV	4,400	4,400	4,400	6,000	6,000
V	4,400	4,400	4,400	4,400	6,000

Since school has not provided the impact of increased fee charged from FY 2015-16 to FY 2019-20 hence, no amount has been adjusted in the calculation of fund availability with the school and the school is directed to refund/ adjust the increased fee to the students as charged from FY 2015-16 to FY 2019-20 and submit the compliance within 30 days from the date of issue of this order.

4. 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:

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

Further, Para 60 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service".*

An appropriate charge to the income and expenditure account for a year should be made through a provision for the accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if a school employs only a few persons, say less than twenty, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"plan assets"* as per AS-15 issued by ICAI.

On review of documents submitted by the school post personal hearing, it has been noted that school has got the actuarial valuation report for its liability towards gratuity and leave encashment for FY 2017-18 and has recorded equivalent liability in the books of accounts. However, valuation report for FY 2018-19 has not been submitted by the school. As per the financial statements of FY 2018-19, total liability towards retirement benefits was INR 8,47,90,811 as on 31.03.2019. However, no earmarked equivalent investments in plan assets against provision for retirement benefits has been made by the school as required by AS-15. Therefore, amount proposed by the school towards provisions for retirement benefits have not been considered while deriving the fund position of the school and the school is directed to make an investment in plan assets equivalent to the liability determined by the actuary in accordance with AS-15 within 30 days from the date of issue of this order and submit the compliance report thereof.

5. As per Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009, "*Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture fixtures and equipment's. 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 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.*

On review of audited financial statement submitted by the school, it was noted that the school has incurred expenditure of INR 94,88,520 for payment of salaries during FY 2018-19 and reflected the same as utilisation of development fund which is not in accordance with clause 14. Further, based on the presentation made in the audited financial statements of FY 2016-17 to FY 2018-19, it has been noted that the school instead of maintaining development fund utilization account and crediting deferred income in income & Expenditure account to the extent of the cost of the asset in proportion to the depreciation charged every year as required under para 99 of guidance note mentioned above, was transferring amount equivalent to the cost of assets purchased out of development fund to general fund which results in overstatement of general fund.

Accordingly, school is directed to comply with the provisions of clause 14 of aforesaid order and para 99 of the Guidance note failing which school shall not be allowed to charge development fee in subsequent financial years. Further, the school is required to make necessary adjustments in Development Fund Account, Development Utilisation Fund Account and General Fund Account as the same shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent year.

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.*"

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*

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

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

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 fee, smart class fees, Laboratory fee, SMS charges and Other receipts from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school, or has been incurring losses (deficit), which has been met from other fees/income. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17, FY 2017-18 and FY 2018-19 are given below:

(Figures in INR)

Particulars	Smart Class	Transport Charges	Laboratory Fee	SMS Charges	Other receipts
For the year 2016-17					
Fee Collected during the year (A)	44,44,740	3,77,000	11,47,110	8,50,540	81293
Expenses during the year (B)	62,05,500	13,20,000	1,12,879	12,41,100	-
Difference for the year (A-B)	**-17,60,760**	**-9,43,000**	**10,34,231**	**-3,90,560**	**81,293**
For the year 2017-18					
Fee Collected during the year (A)	43,09,734	3,86,000	9,96,790	8,56,800	2968959
Expenses during the year (B)	61,20,450	13,20,000	87,225	12,41,790	3004580
Difference for the year (A-B)	**-18,10,716**	**-9,34,000**	**9,09,565**	**-3,84,990**	**-35,621**
For the year 2018-19					
Fee Collected during the year (A)	41,70,966	4,45,900	10,29,060	8,33,580	2634302
Expenses during the year (B)	61,99,968	8,58,750	12,35,212	12,39,984	2889432
Difference for the year (A-B)	**-20,29,002**	**-4,12,850**	**-2,06,152**	**-4,06,404**	**-2,55,130**
Total (Surplus)	**-56,00,478**	**-22,89,850**	**17,37,645**	**-11,81,954**	**-2,09,458**

From the above table, the 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). From the record submitted by the school, it was noted the school has been collecting Smart class fee and SMS charges from all the students which loses the character of earmarked levies. Therefore, the school may be directed to stop the collection in the name of such fee with immediate effect.

Since, the school is not following fund base accounting in accordance with the provision cited above. The total fee (including earmarked fee) have been included in income and expenditure and have been considered in calculation of fund availability with the school and school is 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 utilised 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 structure for earmarked levies during the subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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

2. Para 58(i) of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*"

As per notes to Appendix I- 'Rates of depreciation' of Guidance note, "*The rates contained in this Appendix should be viewed as the minimum rates and, therefore, a school should not charge depreciation at rates lower than those specified in this Appendix in relation to assets purchased after the date of the applicability of the Guidance Note. However, if on the basis of a bona fide technological evaluation, higher rates of depreciation are justified, the same may be provided with proper disclosures by way of a note forming part of accounts*"

On review of financial statements for FY 2016-17 to FY 2018-19, it has been noted that school has followed rates of depreciation as per Income tax Act, 1961 and not as per Appendix I of the guidance note as mentioned above. A rate higher than what is mentioned in Appendix-I of guidance note can also be charged by the school subject to bona fide technological evaluation however school has charged rate of depreciation less than mentioned in guidance note.

Hence, school is directed to follow rates of depreciation as mentioned in Appendix-I of Guidance note as the same shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent year. This being a procedural finding, no financial impact is warranted in the fund position of the school.

3. On review of submission of documents made post personal hearing, it has been noted that the school had no process in relation to calling of quotations from vendor, approval process, gate inward control and payment, only oral communication is done with the prospective suppliers and no documentation was done for the same. The school was not preparing any comparative statement for evaluating the quotations received from vendors and was not getting the same approved from the purchase committee. Also, the school does not have a process of maintaining gate inward and outward register and stamping the invoice at entry gate.

Accordingly, the school is directed to follow proper procurement process and maintain proper documentation in relation to procurements and purchases done by the school. Compliance of the above shall be verified at the time of evaluation of proposal for fee enhancement for subsequent year.

4. On review of documents submitted by the school, it was noted that the school was not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

As per school, the details of EWS students and total students for FY 2017-18 and FY 2018-19 are as follows:

Particulars	FY 2017-18	FY 2018-19
Total Students	2,890	2,868
EWS Students	505	556
% of EWS students	17%	19%

From the table above, it is ascertained that school has not been complying with the directions of the Directorate to comply with the condition of land allotment letter of providing minimum 25% reservation to EWS category students. The DDE (District) may look into this matter and school is directed to comply with the directions as the same shall be verified at the time of evaluation of proposal for fee enhancement for subsequent financial year.

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 academic session 2019-20 amounting to INR **17,40,77,324** out of which cash outflow is estimated to be INR **19,14,62,713.** This results in net deficit of INR **1,73,85,389.** The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.19 as per Audited Financial Statement	4,45,482
Bank Overdraft as on 31.03.2019 as per Audited Financial Statements	(3,33,74,180)
Investments as on 31.03.19 as per Audited Financial Statements	2,12,28,060
Liquid fund as on 31.03.19	**(1,17,00,638)**
Add: Recovery from the society for additions to building **(Refer Financial Observation No. 1)**	51,49,427
Add: Recovery from the society for expenditure incurred found excessive **(Refer Financial Observations No. 2)**	3,02,98,422
Add: Estimated Fees and other incomes for FY 2019-20 as per audited financial statements of FY 2018-19 on the assumption that income accrued during FY 2018-19 will at least accrue in FY 2019-20	15,14,63,173
Total available funds for FY 2019-20	**17,52,10,384**
Less: FDR on joint name with Dy. Director as on 31.03.2019 **(as per audited financial statements)**	6,05,166
Less: FDR on joint name with Secretary, CBSE as on 31.03.2019 **(as per audited financial statements)**	5,27,894
Less: Development Fund Balance as on 31.03.2019 **(Refer Financial Observations No. 5)**	-
Less: Investment made for retirement benefits **(Refer Financial Observation No. 4)**	-
Net Available Funds for FY 2019-20	**17,40,77,324**

Particulars	Amount (in INR)
Less: Budgeted expenses for the session 2019-20 (**Refer Note 1 to 3 below**)	19,14,62,713
Estimated Deficit	**1,73,85,389**

Note 1: Since the school has not obtained actuary valuation report for the FY 2018-19 and has not made equivalent investment in plan assets as required by AS 15, therefore, provision of INR 2,07,71,942 made by the school during FY 2019-20 towards retirement benefits has not been considered while deriving the fund position of the school.

Note 2: The school has proposed INR 3,11,45,213 for Salary Reserve equivalent to 4 months' salary as required in Form-2 of Right of Children to Free and Compulsory Education Act 2009. However, investment has not been made in joint name of Dy. Director (Education) and Manager of the school. Also, a new expense head has been proposed under establishment expenses with the name "Casual Salary" for INR 1,96,68,819 for which no justification has been provided by the school. Therefore, total expenditure of INR 5,08,14,032 has been excluded from the budgeted expenditure of the school for the FY 2019-20.

Note 3: The Directorate vide Order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order No. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7th CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

Further, section 10 of DSEA states "*the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*". Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

It has been noted that School Management has not yet implemented the recommendations of 7th CPC with effect from 01.01.2016 on the ground of insufficient funds with the school.

Accordingly, the school is directed to implement the recommendations of 7th CPC and the impact of salary arrears amounting to INR 4,09,44,381 which is still pending for payment for the period 01.01.16 to 31.03.19 for implementation of 7th CPC has been considered in the total expenditure proposed for FY 2019-20 while deriving the fund position of the school with the direction to the school to implement the recommendations of 7th CPC in full within 30 days from the date of issue of this order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

ii. The school does not have sufficient funds to carry on the operation of the school for the academic session 2019-20 at the existing fees structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16/04/2010 that,

"All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial and other observations, that the sufficient 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, it is noticed that the school has utilised INR 3,54,47,849 in contravention of provisions of DSER, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover INR 3,54,47,849 from the society. The amount of above receipt along with copy of bank statements showing 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 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, 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 6th 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 8% to be effective from 01 July 2022.

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. Marks Senior Secondary School (School ID: 1618249), Janakpuri Marg, Janakpuri, New Delhi-110058** has been accepted by the Director (Education) and the school is hereby allowed to increase the fee by 8% to be effective from 01 July 2022.

The school has not implemented most of the directions from the earlier order as mentioned in financial and other observations of this order. The school should implement 7th CPC within a prescribed timeline and submit a compliance of the same within the said prescribed timeline otherwise the order for fee hike might be revoked and actions will be initiated under section 24(3) of DSEA, 1973.

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 Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This order 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. Marks Senior Secondary School (School ID: 1618249),
Janakpuri Marg, Janakpuri,
New Delhi-110058

No. F.DE.15 (702)/PSB/2022/ 4285-4289 Dated: 07/06/22

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) 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