

**IN THE HIGH COURT OF KERALA AT ERNAKULAM  
PRESENT  
THE HONOURABLE MR. JUSTICE RAJA VIJAYARAGHAVAN V  
&  
THE HONOURABLE MR. JUSTICE K. V. JAYAKUMAR  
Wednesday, the 8<sup>th</sup> day of April 2026 / 18th Chaithra, 1948**

**SSCR NO. 6 OF 2026**

**IN THE MATTER OF TRAVANCORE DEVASWOM BOARD - SABARIMALA SPECIAL COMMISSIONER  
REPORT - SM.NO.06/2026 - REPORT REGARDING AUDITED ACCOUNTS OF TRAVANCORE  
DEVASWOM BOARD WITH RESPECT TO THE AGOLA AYYAPPA SANGHAMAM - SUBMITTING OF -  
REG. - SUO MOTU PROCEEDINGS INITIATED - REG:**

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**PETITIONER:**

**SUO MOTU**

**RESPONDENTS:**

1. STATE OF KERALA  
REPRESENTED BY THE SECRETARY TO GOVERNMENT,  
REVENUE (DEVASWOM) DEPARTMENT, GOVERNMENT SECRETARIAT,  
THIRUVANANTHAPURAM - 695001
2. CHIEF POLICE COORDINATOR  
(ADDITIONAL DIRECTOR GENERAL OF POLICE) (POLICE HEADQUARTERS)  
SABARIMALA, PATHANAMTHITTA. PIN - 689713
3. DEPUTY DIRECTOR  
LOCAL FUND AUDIT, TRAVANCORE DEVASWOM BOARD,  
THIRUVANANTHAPURAM - 695003
4. TRAVANCORE DEVASWOM BOARD  
REPRESENTED BY ITS SECRETARY, NANTHANCODE, KAWDIAR POST,  
THIRUVANANTHAPURAM - 695 003
5. DEVASWOM COMMISSIONER  
TRAVANCORE DEVASWOM BOARD, DEVASWOM BUILDINGS, NANTHANCODE,  
THIRUVANANTHAPURAM, PIN - 695 003
6. EXECUTIVE OFFICER  
SABARIMALA, SABARIMALA P.O., PATHANAMTHITTA - 689 662

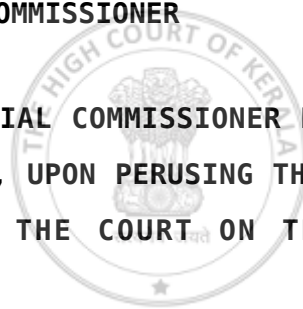
7. CHIEF VIGILANCE & SECURITY OFFICER  
(SUPERINTENDENT OF POLICE), TRAVANCORE DEVASWOM HEAD QUARTERS,  
NANTHANCODE, KAWDIAR POST, THIRUVANANTHAPURAM - 695 003

\*ADDL.R8 IMPEADED

8. M/S.VIJAYAN AND ASSOCIATES,  
CHARTERED ACCOUNTANTS, AMMALU HOUSE, SMRA-59, TC 22/1995(2),  
SASTHAMANGALAM, THIRUVANANTHAPURAM – 695010  
\*IS SUO MOTU IMPEADED AS ADDITIONAL 8TH RESPONDENT VIDE ORDER  
DATED 02/03/2026 IN SSCR.NO.6/2026.

BY SRI.S.RAJMOHAN, SENIOR GOVERNMENT PLEADER  
BY SRI.G.BIJU, SC, TRAVANCORE DEVASWOM BOARD  
BY SMT.SAYUJYA RADHAKRISHNAN, AMICUS CURIAE FOR  
SABARIMALA SPECIAL COMMISSIONER

THIS SABARIMALA SPECIAL COMMISSIONER REPORT HAVING COME UP FOR  
ORDERS AGAIN ON 08/04/2026, UPON PERUSING THE REPORT AND THIS COURT'S  
ORDER DATED 01/04/2026, THE COURT ON THE SAME DAY PASSED THE  
FOLLOWING:



**RAJA VIJAYARAGHAVAN V.,**

**&**

**K.V. JAYAKUMAR, JJ.**

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**SSCR No. 6 of 2026**  
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**Dated this the 8<sup>th</sup> day of April, 2026**

**ORDER**

**Raja Vijayaraghavan V, J.**

This matter arises out of the report submitted by the Sabarimala Special Commissioner concerning the audited accounts of the Travancore Devaswom Board in connection with the Global Conclave of Ayyappa Devotees held on 20.09.2025.

2. When the matter was taken up on 02.03.2026, this Court impleaded M/s. Vijayan and Associates, Chartered Accountants of the Travancore Devaswom Board, as the additional 8th respondent. The said respondent was directed to place before this Court all primary and foundational records forming the basis of the audit. This included, inter alia, bills, vouchers, cash books, ledgers, asset registers, expenditure statements, agreements entered into with vendors, details of final payments effected, and all supporting documentation relevant to the Global Conclave held on 20.09.2025. The additional 8th respondent was further directed to disclose whether any audit review memorandum, management letter, or queries had been

issued to the Board, and to produce copies of such communications along with the responses received and any connected follow-up records.

3. The Board was also directed to place on record the complete account statement in respect of Account No. "027503500001091" maintained with Dhanalaxmi Bank. Thereafter, when the matter was taken up on 05.03.2026, the entire set of records was produced before this Court by Mr. Vijayan, one of the partners of M/s.Vijayan and Associates.

4. This Court carefully perused the records and also interacted with the auditor. The discrepancies identified in the audit report were noted. Upon interaction, it was also brought to the notice of this Court that the said audit firm has been conducting audits of the Travancore Devaswom Board for over a decade.

5. In the above circumstances, this Court deemed it appropriate to direct the auditor to file a detailed statement setting out the anomalies, deficiencies, and lapses noticed during the audits conducted by it over the years. The auditor was also directed to suggest appropriate procedural and financial safeguards necessary to strengthen financial management and accountability in the functioning of the Board, so as to enable this Court to issue suitable directions.

6. In compliance with the aforesaid directions, the auditor has placed before this Court a detailed and comprehensive submission dealing with the existing

accounting system, financial reporting practices, and the internal control mechanisms of the Travancore Devaswom Board. This submission is not merely a routine audit note; it brings to light systemic deficiencies and structural gaps which have a direct bearing on financial discipline, transparency, and accountability in the functioning of the Board.

7. We consider it necessary to extract the relevant portions of the said submission, as the omissions and deficiencies pointed out by the auditor are neither isolated nor trivial in nature. They reflect recurring issues in financial management which, if left unaddressed, have the potential to undermine institutional integrity. Each of these shortcomings, therefore, requires immediate and effective remedial action at the hands of the Devaswom.

8. It is also pertinent to note that this Court has, in earlier proceedings, already issued directions to the Travancore Devaswom Board to rectify such deficiencies and to streamline its financial and administrative processes. Pursuant thereto, the Board has placed before this Court a vision statement outlining proposed reforms, and appropriate orders have been passed in W.P.(C) No. 8529 of 2026. The present audit findings must, therefore, be viewed in conjunction with those directions, and as part of a broader effort to ensure sustained and meaningful institutional reform.

9. In that backdrop, and with a view to emphasising the urgency and seriousness of the issues identified, the observations made by the audit firm are extracted hereunder:

## **II. EXISTING SYSTEM OF ACCOUNTING**

It is respectfully submitted that, historically, the Board and its constituent temples have been following a system of accounting, primarily based on cash receipts and payments.

Under this system:

- Transactions are recorded only upon actual receipt or payment of cash.
- Comprehensive records of assets, liabilities, and accrued income or expenditure are not systematically maintained.

The double entry system of accounting has not yet been fully implemented and remains in a traditional phase. Although the books of accounts have been converted into a computerized double entry system with effect from the financial year 2020-21 till 2022-23, the implementation is not yet comprehensive or fully stabilized.

## **III. Delay in Preparation of Accounts**

The preparation of the books of accounts has been delayed by approximately three years (Completed up to financial year 2022-23), During this period, the accounting system was in transition from a single-entry to a double-entry system; however, a proper real-time accounting mechanism was not maintained.

Due to this significant time gap in the recording and finalization of accounts, practical difficulties have arisen. The employees who were directly involved in recording or handling the original transactions may no longer be available or may have been reassigned by the time the accounts are taken up for completion.

Further, the absence of contemporaneous record-keeping has resulted in instances where supporting details are either incomplete or not readily traceable. This, in turn, may lead to confusion in properly identifying the nature of transactions and classifying them under the appropriate ledger heads. Consequently, despite best efforts to ensure accuracy and compliance,

certain discrepancies or classification issues may arise owing to these constraints.

**Recommendation:**

a) A real-time accounting system should be implemented to ensure that all financial transactions are recorded promptly and accurately as they occur. Clearly defined timelines must be established for the periodic closure of accounts- such as monthly, quarterly, and annual closings- to maintain financial discipline, enable timely reporting, and facilitate effective decision-making.

b) In addition, comprehensive documentation practices should be instituted, covering all financial processes, approvals, and supporting records. Standard Operating Procedures (SOPs) must be developed and strictly followed to bring consistency, accountability, and transparency in the accounting workflow.

c) Further, a structured handover mechanism should be established, particularly in cases of staff transfers or turnover, to ensure seamless continuity of work. This should include proper transfer of records, explanations of pending matters, and reconciliation status. Such measures will help maintain complete traceability of transactions, reduce the risk of errors or omissions, and ensure that financial information remains reliable and auditable at all times.

**IV. Inability to Ascertain Financial Position**

Due to the absence of updated accounts, the Board is unable to ascertain the accurate position of assets, liabilities, and pending statutory compliances for each financial year. In particular, liabilities pending with GST, Income Tax departments and statutory liabilities with State/Central Government become known to the Board only upon receipt of communications from such departments. These details are scattered across various individual files.

**Recommendation:**

A centralized accounting and compliance monitoring system should be established to track liabilities and statutory obligations on a real-time basis. All records should be digitized and maintained in an integrated manner.

**V. Statutory Non-Compliance and Delays**

The lack of up-to-date accounts has resulted in difficulties in correctly reporting taxable and exempt supplies in GST returns and has also hindered the timely completion of Internal Audit, Statutory Audit, Tax Audit, GST Audit,

and the settlement of GST, TDS, and other statutory dues. Delay in filing Income Tax returns leads to litigation and necessitates filing condonation of delay petitions with the Income Tax Department, which adversely affects the timely receipt of refunds. Currently, refunds pertaining to various financial years are pending for processing.

Further, the Board is liable to file annual returns (GSTR-9) and reconciliation statements (GSTR-9C); however, due to the non-updation of books of accounts, these filings are also pending, which may result in the levy of penalties.

**Recommendation:**

A statutory compliance calendar should be introduced, with clear allocation of responsibilities and periodic review mechanisms to ensure timely filing of returns and settlement of dues, thereby avoiding penalties and litigation.

**VI. Budgeting Constraints**

In the absence of finalized accounts for previous years reflecting actual income, expenses, assets, liabilities, and receivables, the Board faces limitations in preparing realistic budgets and comparing them with actual performance after the completion of each financial year before setting budgets for the next year.

**Recommendation:**

Timely finalization of accounts on an accrual basis should be ensured. A structured budgeting system with variance analysis should be implemented to support effective financial planning and decision-making.

**VII. Cash-Based Accounting Practices**

The books are currently prepared based on actual payments made and receipts recorded (bank transactions and cheque issue registers). However, the following items are not considered:

- Outstanding payables to contractors
- Related tax liabilities
- Earnest Money Deposits (EMD) Payable
- Work-in-progress and completed but unbilled work

- Closing stock of materials with the Maramath Division
- Pending cases impacting financial statements (liabilities/income)

**Recommendation:**

The accounting system should be migrated to a full accrual-based system capturing all liabilities, receivables, inventory, and work-in-progress, supported by a standardized checklist for completeness.

**VIII. Lack of Receivables Management**

There is currently no centralized or integrated system in place to monitor and track receivables due from various parties, including tenants, bidders, and other contracting entities. Instead, the relevant information is maintained in a fragmented manner across multiple individual files, registers, or records handled by different sections or personnel.

This lack of a unified receivables tracking mechanism leads to several operational and financial challenges. The absence of consolidated data makes it difficult to ascertain the exact amount outstanding at any given point in time, thereby affecting effective financial planning and decision-making. It also increases the risk of delays in collection, omission of dues, or duplication of records, as there is no single point of reference for verification and reconciliation.

Further, the scattered nature of records hampers transparency and accountability, as tracking the status of individual receivables becomes cumbersome and time-consuming. In cases where personnel changes occur, the continuity and traceability of records are adversely affected, increasing the likelihood of errors or uncollected dues.

**Recommendation:**

It is essential to establish a centralized receivables management system—preferably one that is fully integrated with the existing accounting framework—to ensure a streamlined, transparent, and efficient mechanism for monitoring and controlling outstanding dues. At present, the absence of such a system leads to fragmented data, delays in tracking recoveries, and increased risk of omissions or inaccuracies.

**IX. Improper Classification of Expenditure**

Proper distinction between revenue and capital expenditure is a fundamental requirement for accurate financial reporting; however, in the case of

Maramath works (traditional repair and maintenance activities), such classification is not clearly discernible from the available records.

In several instances, the nature of expenditure-whether it pertains to routine repairs and maintenance (revenue expenditure) or results in creation, enhancement, or extension of an asset (capital expenditure) is not adequately supported by detailed documentation. The absence of clear work descriptions, technical estimates, and completion reports makes it difficult to determine whether the expenditure merely preserves the existing asset or leads to an enduring benefit.

This lack of clarity may result in misclassification, where capital expenditures are incorrectly charged to revenue or vice versa, thereby affecting the true and fair view of the financial statements. Capital expenditures, if treated as revenue, may understate assets and overstate expenses, while incorrect capitalization of routine repairs may inflate asset values and distort depreciation calculations.

**Recommendation:**

To address this issue, it is essential to establish well-defined guidelines for classification, supported by proper documentation such as work orders, estimates, measurement books, and certification by competent technical authorities. Additionally, maintaining a systematic record of Maramath works with clear segregation between repair works and asset creation activities would significantly improve transparency, accountability, and accuracy in financial reporting.

**X. Non-Recognition of Non-Monetary Donations**

Only monetary donations and contributions are presently being recorded in the books of accounts. However, non-monetary donations-such as land, buildings, equipment, materials, or other assets received in kind-are not being assigned any monetary value and are consequently not accounted for. This results in an incomplete representation of the institution's financial position, as assets created or acquired through such contributions remain outside the formal accounting framework.

**Recommendation:**

In order to address this deficiency, it is essential to establish a systematic mechanism for identifying, valuing, and recording non-monetary donations. Appropriate valuation methods such as fair market value or estimated cost should be adopted, supported by proper documentation and verification procedures. Once valued, such contributions should be recognized in the books by creating corresponding asset entries along with capital or donation

fund accounts. This would ensure a more comprehensive and accurate depiction of the institution's financial position and enhance overall financial discipline and reporting standards.

### **XI. Interest Recognition**

Interest on fixed deposits is presently accounted for on a receipt basis, whereby income is recognized only at the time of actual receipt from the bank or financial institution. This method does not take into consideration the interest that has accrued on such deposits up to the end of the financial year but has not yet been received.

As a result, the financial statements do not reflect the true and fair view of income for the relevant accounting period, since a portion of the income earned during the year remains unrecognized. This leads to a mismatch between income and the period to which it pertains, thereby violating the fundamental accounting principle of accrual.

### **Recommendation:**

Interest income should be recognized on an accrual basis at the end of each financial year, in accordance with the fundamental accounting principle of accrual accounting. Under this approach, income is recorded in the period in which it is earned, rather than when it is actually received. This ensures that the financial statements present a true and fair view of the entity's financial performance and position.

In the case of interest-bearing instruments such as fixed deposits, investments, interest accumulates over time. Even if the interest is not received in cash by the end of the financial year, the portion that has accrued up to the reporting date must be accounted for as income. Correspondingly, an asset representing accrued interest receivable should be recognized in the balance sheet.

### **XII. Pan Usage and Accounting Implications.**

Various Temple Upadesaka Samathis (Temple Advisory Committees) and other affiliated units are presently using the Board's Permanent Account Number (PAN) for carrying out their day-to-day financial transactions. However, a significant concern arises from the fact that these transactions are not being recorded or consolidated in the official books of accounts of the Board.

In practical terms, even though the financial activities undertaken using the Board's PAN, the details are not reflected in the accounting records maintained by the Board, For instance, such Upadesaka Samathi's may earn

income in the form of bank interest, donations, or other receipts, which are legally attributable to the PAN of the Board. These incomes may be reflected in financial statements or information systems linked to the PAN (such as Form 26AS or Annual Information Statement), thereby creating a deemed association with the Board. However, in the absence of proper accounting entries in the Board's books, such income remains unreported in its financial statements.

This practice has several implications:

- **Incomplete Financial Reporting:** The Board's financial statements do not present a true and fair view, as income and transactions linked to its PAN are omitted.

- **Taxation and Compliance Risks:** Income reflected under the Board's PAN but not accounted for may lead to discrepancies during assessments under the Income Tax Act, 1961, potentially resulting in additions, penalties, or litigation.

- **Lack of Financial Control and Transparency:** The Board has limited oversight over funds transacted in its name, increasing the risk of misuse, misappropriation, or unauthorized financial activities.

- **Audit Complications:** Reconciliation between reported income and accounting records becomes difficult, leading to audit qualifications or adverse remarks.

### **Recommendation:**

In order to address this issue, a clear policy decision is required. The Board may consider either of the following approaches:

#### **1. Incorporation Approach:**

All such Samathis and units should be brought within the accounting framework of the Board. Their receipts, payments, assets, and liabilities should be systematically recorded, consolidated, and disclosed in the Board's books of accounts. This would require establishing standardized reporting mechanisms, periodic submission of accounts, and proper internal controls.

#### **2. Decentralization Approach:**

Alternatively, the Board may direct all such Samathis and affiliated units to obtain independent PANs and maintain separate books of accounts. In such cases, these entities would function as distinct financial units, responsible for

their own compliance, including filing of income tax returns and reporting of income.

A clear demarcation of financial responsibility and accountability is essential. Adopting either of the above approaches will ensure improved transparency, regulatory compliance, and accuracy in financial reporting, thereby strengthening the overall governance framework of the Board.

### **XIII. Opening Balance Issues**

Although books of accounts have been maintained from 2010 onwards, the foundational exercise of properly identifying, valuing, and recording the opening balances of various funds, loans, and advances has not yet been completed. This has created a significant gap in the reliability and continuity of the accounting records. Opening balances serve as the base upon which all subsequent financial transactions are built; any inaccuracy or uncertainty at this stage directly affects the correctness of the entire financial reporting framework.

In addition, the process of systematically mapping and reconciling the opening balances with the outstanding balances reflected in individual ledgers is still pending. Without such reconciliation, it is not possible to establish the accuracy or completeness of ledger balances, nor to ensure that all historical transactions have been appropriately captured and classified. This lack of reconciliation also increases the risk of duplication, omission, or misclassification of financial data.

As a result of these deficiencies, the financial statements prepared do not present a true and fair view of the financial position as on a given date. The absence of verified opening balances, combined with incomplete reconciliation and the continued use of cash-based recognition, significantly impairs the reliability, comparability, and transparency of the accounts. It is therefore imperative to undertake a comprehensive exercise to identify, validate, and incorporate opening balances to complete the accrual basis of accounting, and complete the reconciliation of all ledger accounts to ensure the integrity of the financial statements.

### **Recommendation:**

A comprehensive and systematic exercise should be undertaken to identify, verify, and reconcile all opening balances appearing in the books of accounts. This process should involve a detailed examination of old records, including bank statements, cash books, subsidiary registers, agreements, and other supporting documentation, to establish the authenticity and accuracy of the balances carried forward. Wherever discrepancies, omissions, or unsupported

figures are identified, appropriate reconciliation procedures should be carried out to align the balances with verifiable evidence.

The exercise should also include confirmation of balances from third parties, wherever applicable, such as lenders, debtors, creditors, and other stakeholders, to ensure completeness and reliability. In cases where sufficient documentation is not available, reasonable estimates may be made based on available information, supported by proper justification and disclosure.

Upon completion of the verification and reconciliation process, necessary rectification entries and adjustments should be passed in the books of accounts in accordance with applicable accounting principles and standards. All such adjustments should be properly documented, duly authorized by the competent authority, and transparently disclosed to ensure auditability and accountability. This exercise is critical to establishing a reliable financial base, thereby enhancing the accuracy and credibility of subsequent financial statements.

#### **XIV. Bank Reconciliation Issues**

Various old income and expenditure transactions have been recorded in the books of accounts on a receipt and payment basis at the time of issuance or deposit of Demand Drafts/Cheques. However, a number of such entries remain unsettled, as the corresponding realization or clearance has not taken place through the bank. Consequently, these items continue to appear as outstanding entries in the bank reconciliation statements.

This indicates that the books of accounts do not accurately reflect the actual financial position, as certain receipts may not have been realized and certain payments may not have been effected, despite being recorded. Such discrepancies may have arisen due to stale cheques, dishonoured instruments, delays in banking processes, or lack of periodic follow-up and reconciliation.

#### **Recommendation:**

Regular bank reconciliation procedures should be institutionalized as a critical component of the financial control framework to ensure the accuracy and completeness of accounting records. Bank reconciliation statements should be prepared at periodic intervals-preferably on a monthly basis-by systematically comparing the balances as per the bank statements with those reflected in the books of accounts.

During this process, all discrepancies such as unpresented cheques, direct bank charges, interest credits, electronic transfers, and any erroneous or duplicate entries should be promptly identified and analyzed. Further,

necessary rectification entries should be passed in the books of accounts without delay to reflect the true financial position. Long-outstanding reconciliation items should be reviewed at a higher level, and appropriate corrective actions-including write-backs or adjustments, wherever required should be undertaken with due approvals.

#### **XV. Unidentified Transaction in Reconciliation**

Unidentified income and expenditure appearing in the bank reconciliation statements represent transactions reflected in the bank records but not properly recorded or classified in the books of accounts. These may arise due to omissions, timing differences, errors in recording, or lack of supporting documentation. Such items can include direct bank credits (like interest, refunds, or third-party deposits) and debits (such as bank charges, automatic payments, or penalties) that have not yet been accounted for in the ledger.

The presence of such unidentified entries indicates gaps in the accounting and reconciliation process and may lead to misstatement of income, expenditure, assets, or liabilities. If left unresolved, these discrepancies can affect the accuracy and reliability of financial statements and may also raise concerns during audit or regulatory review.

#### **Recommendation:**

It is therefore essential to undertake a systematic verification of all such items appearing in the bank reconciliation statements. Each transaction should be traced to its source, supported with appropriate documentation, and properly classified under the relevant head of account. Wherever necessary, confirmations should be obtained from banks or concerned parties.

Establishing stronger internal controls, regular reconciliation procedures, and proper documentation practices will help prevent recurrence of such unidentified items and ensure greater transparency and accuracy in financial reporting.

#### **XVI. Non Reconciliation of Statutory Funds**

In respect of statutory fund balances like Provident Fund and the corresponding loan accounts as reflected in the financial statements, the balances have not been comprehensively reconciled with their respective individual ledger accounts, thereby impacting the accuracy, completeness, and transparency of financial reporting. The discrepancies may have arisen due to historical accounting practices, incomplete recording of transactions, and the absence of periodic verification and reconciliation procedures.

**Recommendation:**

Periodic reconciliation and confirmation of balances should be carried out in a systematic and time-bound manner to ensure the accuracy, reliability, and completeness of financial records. This process involves comparing balances reflected in the books of accounts with corresponding records such as bank statements, ledger accounts, subsidiary records, and confirmations.

**XVII. Long pending Advances**

Long-pending advances reflected under the head "Advance Pending Adjustment" require detailed scrutiny and timely settlement to ensure accuracy and reliability of financial reporting. Such advances may pertain to amounts disbursed for specific purposes such as project expenses, administrative activities, or works execution-where the final adjustment through submission of bills, vouchers, or utilization statements is still pending.

The existence of these outstanding advances over an extended period indicates possible delays in submission of supporting documents, incomplete accounting of expenditures, or lack of systematic follow-up. This not only affects the true depiction of expenses in the financial statements but also increases the risk of misclassification, duplication, or potential misappropriation.

**Recommendation:**

A structured and time-bound action plan should be formulated and implemented to systematically address long-pending advances. This plan should clearly define timelines for each stage of the process, including identification, verification, reconciliation, and final settlement of advances. Detailed procedures should be established for reviewing supporting documents, confirming balances with concerned parties.

In cases where advances remain unadjusted or irrecoverable, appropriate action such as recovery measures, adjustment against eligible claims, or write-off with proper justification and approvals- should be initiated in accordance with applicable rules and policies. The overall objective should be to ensure transparency, accuracy, and timely closure of outstanding advances, thereby strengthening financial discipline and internal control systems.

**XVIII. Asset Valuation and Recognition Issues**

The consolidated books of accounts have been maintained under the double entry system from the financial year 2010 onwards. However, a significant

gap exists in the proper recognition and reporting of assets as on the date of transition to this system. Various movable and immovable assets-such as land, buildings, jewellery, precious stones, machinery, furniture, live plants, and livestock-that were in existence at the time of commencement of the double entry system have not been systematically identified, valued, and brought into the books of accounts. The absence of proper valuation and recording of these assets has resulted in incomplete representation of the asset base and may materially affect the accuracy and reliability of the financial statements.

Further, assets acquired or created subsequent to FY 2010 have been recorded only on a cash/payment basis, without adhering to the accrual principles inherent in the double entry system. Consequently, assets for which expenditures have been incurred but payments remain outstanding as at the reporting date have not been recognized in the books. This practice leads to understatement of assets and corresponding liabilities, thereby distorting the true financial position.

**Recommendation:**

A detailed physical verification of all assets should be undertaken through a structured and time-bound exercise, covering both movable and immovable properties such as land, buildings, plant and machinery, furniture, equipment, vehicles, and other valuable items. The verification process should involve identification, tagging, and cross-checking of each asset with available records to ensure its existence, condition, location, and ownership. Any discrepancies such as missing assets, unrecorded items, or obsolete and unusable assets should be properly investigated and reported.

Based on the outcome of the physical verification and valuation exercise, a comprehensive Fixed Asset Register (FAR) should be prepared and maintained. The register should include detailed information such as description of the asset, unique identification number, location, date of acquisition, cost of acquisition, accumulated depreciation, written down value, and details of additions, deletions, or transfers. The FAR should be regularly updated and reconciled with the books of accounts to ensure accuracy and completeness.

**XIX. Lack of Contractor Payment Policy**

The department lacks a centralized policy for prescribing timelines for verification and disbursement of payments to contractors, as well as for identifying responsible officers. TDS is required to be deducted at the time of payment or at the time of booking the liability, whichever is earlier, and GST invoices are required to be raised within 30 days from the date of completion of services by the contractors. Delays in disbursement result in

non-compliance with TDS provisions, and contractors may also delay issuing invoices or remitting GST from their own funds. Such delays may lead to additional financial burden in the form of interest and penalties.

**Recommendation:**

A comprehensive and centralized policy for contractor payments should be formulated and formally approved, clearly outlining the timelines for processing and settlement of payments, along with the specific roles and responsibilities of the officials involved at each stage of verification, approval, and disbursement. The policy should incorporate compliance requirements with applicable statutory provisions, including tax deductions, contract conditions, and documentation standards, to ensure that all payments are made in accordance with legal and regulatory obligations.

**XX. Reliance on Cash-Based Financial Statements**

The Board and its various departments presently rely on consolidated financial statements prepared on a cash basis for key functions such as auditing, taxation, budgeting, decision-making, and statutory reporting. While the cash basis of accounting offers simplicity and ease of preparation, it has significant inherent limitations in reflecting the true financial position and performance of the organization.

Under the cash basis, transactions are recorded only when actual receipts or payments occur, without recognizing outstanding liabilities, accrued expenses, receivables, or committed obligations. As a result, important financial elements such as unpaid expenses, pending contractor liabilities, advances yet to be settled, and income earned but not received remain unrecorded. This leads to an incomplete representation of the Board's financial affairs,

Consequently, the financial statements may either overstate or understate the surplus/deficit and fail to capture the actual financial obligations and resource availability at a given point in time. This lack of comprehensive financial information restricts the ability of stakeholders-including management, auditors, and regulatory authorities- to accurately assess the financial strength, sustainability, and operational efficiency of the Board.

**Recommendation:**

The Board should progressively transition from a cash-based system to an accrual-based accounting framework in order to ensure that its financial statements present a true and fair view of its financial position and performance. Under the accrual system, income and expenditure are recognized in the period in which they are earned or incurred, rather than when cash is received or paid. This enables a more accurate reflection of

financial activities, including outstanding liabilities, receivables, provisions, and committed expenses that are not captured under the cash basis.

Adoption of accrual accounting would significantly enhance the quality and reliability of financial reporting by providing a comprehensive picture of assets, liabilities, income, and expenses. It facilitates better matching of revenues with corresponding expenditures, thereby improving the assessment of operational efficiency and financial sustainability. Further, it supports informed decision-making by management through improved financial analysis, budgeting, forecasting, and resource allocation.

### **XXI. Use of Independent Software at Temple Level**

It is observed that the temples under the Travancore Devaswom Board are currently using independently installed software systems for the purpose of receipt generation and accounting of income. These software applications have been implemented on request of concerned temples.

As a result, there exists a lack of uniformity in accounting practices, data structure, reporting formats, and internal controls across different temples. The absence of centralized oversight over such systems raises concerns regarding data integrity, security, audit trail maintenance, and compliance with prescribed accounting standards.

Further, it is understood that the Board is in the process of planning and implementing a centralized computerized system to streamline administration and financial management across all temples. In such a scenario, the currently deployed independent software systems may not be technically compatible with the proposed centralized platform.

Consequently, there is a risk that historical financial data maintained in these independent systems may become inaccessible or require substantial effort, time, and cost for conversion and integration, thereby affecting the continuity and reliability of financial reporting.

### **Recommendation**

The Board should conduct a comprehensive review of all independently installed software systems currently in use across temples, including their functionality, data structure, vendor details, and compatibility aspects. A directive should be issued to all temples to make necessary updation to cope with the proposed centralized software other wise switch over to the proposed software.

## **XXII. Deficiencies and Recommendations in Summary**

The following deficiencies have been identified and summarized during the course of our assigned work of conversion of the books of accounts into computerized double-entry system of accounting.

### **Summary of Deficiencies (Point-wise)**

#### **1. Delay in Preparation of Accounts**

- Accounts are delayed by -3 years, leading to loss of transaction traceability.
- Difficulty in verification due to staff changes and missing/incomplete records,
- Increased risk of errors, misclassification, and unreliable financial data.

#### **2. Inability to Ascertain Financial Position**

- No updated view of assets, liabilities, and statutory dues.
- Statutory liabilities identified only upon external notices.
- Financial information is fragmented across multiple records.

#### **3. Statutory Non-Compliance and Delays**

- Delays in GST, Income Tax filings, and audits.
- Pending refunds and exposure to penalties, interest, and litigation.
- Non-filing of GSTR-9 and GSTR-9C.

#### **4. Budgeting Constraints**

- Lack of reliable historical data affects budget preparation.
- Inability to compare actuals with budgets effectively.

#### **5. Cash-Based Accounting Practices**

- Non-recognition of accrual items like payables, receivables, WIP, and stock.
- Financial statements do not reflect true financial position.

#### **6. Lack of Receivables Management**

- No centralized system to track receivables.
- Fragmented records lead to delays, omissions, and inefficiencies.

**7. Improper Classification of Expenditure**

- No clear distinction between capital and revenue expenditure.
- Risk of misstatement of assets and expenses.

**8. Non-Recognition of Non-Monetary Donations**

- In-kind donations not valued or recorded.
- Understatement of assets and capital funds.

**9. Interest Recognition Issues**

- Interest recorded only on receipt basis.
- Accrued income not recognized, leading to understatement.

**10. PAN Misuse and Non-Recording of Transactions**

- Transactions under Board's PAN not recorded in books.
- Leads to compliance risks, lack of control, and incomplete reporting.

**11. Opening Balances and Issues**

- Opening balances not verified or reconciled before 2010,
- Impacts accuracy and reliability of financial statements.

**12. Bank Reconciliation Issues**

- Unsettled cheque/DD entries and outdated reconciling items,
- Books do not reflect actual bank position.

**13. Unidentified Transactions in Reconciliation**

- Bank entries not recorded/classified in books.
- Risk of misstatement and audit issues.

**14. Non-Reconciliation of Statutory Funds and Loan Accounts**

- Ledger balances of loans not reconciled with financial statements.
- Lack of accuracy and transparency.

**15. Long Pending Advances**

- Advances remain unadjusted for long periods.

- Risk of misappropriation and incorrect expense recognition.

### **16. Asset Valuation and Recognition Issues**

- Pre-2010 assets not valued or recorded.
- Post-2010 assets recorded only on payment basis.
- Incomplete asset records.

### **17. Lack of Contractor Payment Policy**

- No defined timelines or accountability.
- Leads to statutory non-compliance and penalties.

### **18. Reliance on Cash-Based Financial Statements**

- Does not capture true financial position.
- Limits decision-making and financial analysis.

In order to effectively address the deficiencies identified during the course of our work recommend the implementation of the following measures:

## **Summary of Recommendations (Point-wise)**

### **1. Implement Real-Time Accounting System**

- Introduce real-time recording of transactions.
- Fix timelines for monthly, quarterly, and annual closure.
- Establish SOPs, proper documentation, and structured handover procedures.

### **2. Centralized Accounting & Compliance System**

- Develop an integrated system to track assets, liabilities, and statutory dues.
- Digitize and consolidate all financial records.

### **3. Statutory Compliance Framework**

- Introduce a compliance calendar with defined responsibilities.
- Ensure timely filing of returns and settlement of statutory dues.

### **4. Strengthen Budgeting Process**

- Finalize accounts on time using accrual basis.
- Implement structured budgeting with variance analysis.

**5. Transition to Accrual Accounting**

- Shift from cash basis to full accrual system.
- Capture payables, receivables, inventory, WIP, and liabilities.

**6. Centralized Receivables Management**

- Implement an integrated system for tracking receivables.
- Enable real-time monitoring, reconciliation, and automated follow-ups.

**7. Clear Guidelines for Expenditure Classification**

- Define criteria for capital vs revenue expenditure.
- Maintain proper supporting documents and technical certifications.

**8. Recognition of Non-Monetary Donations**

- Establish system for identification and valuation of in-kind donations.
- Record them in books with proper documentation.

**9. Accrual-Based Interest Recognition**

- Recognize interest income on accrual basis.
- Account for accrued interest receivable at year-end.

**10. Policy on PAN Usage**

- Either consolidate Upadesaka Samathis' accounts into Board books or require separate PANS.
- Ensure clear accountability and proper reporting.

**11. Verification of Opening Balances**

- Conduct detailed exercise to identify, verify, and reconcile opening balances.
- Pass necessary adjustments with proper documentation and approvals.

**12. Regular Bank Reconciliation**

- Perform monthly bank reconciliations,
- Identify and rectify discrepancies promptly.

**13. Resolve Unidentified Transactions**

- Verify and classify all unidentified bank entries.
- Strengthen documentation and internal controls,

#### **14. Periodic Reconciliation of All Balances**

- Reconcile all major accounts regularly.
- Obtain third-party balance confirmations.

#### **15. Time-Bound Settlement of Advances**

- Implement action plan for reviewing and settling advances.
- Assign accountability and monitor progress,

#### **16. Asset Verification and Valuation**

- Conduct physical verification and proper valuation of assets.
- Maintain a comprehensive Fixed Asset Register (FAR),

#### **17. Centralized Contractor Payment Policy**

- Define timelines, roles, and compliance requirements.
- Monitor delays and enforce accountability,

#### **18. Adopt Accrual-Based Financial Reporting**

- Transition fully to accrual accounting.
- Improve transparency, decision-making, and compliance.

10. Having gone through the detailed report and the submissions placed before us, we find that the issues highlighted are not isolated irregularities, but are systemic in nature, reflecting deep-rooted deficiencies in the existing accounting and administrative framework of the Travancore Devaswom Board. These deficiencies have far-reaching consequences on financial governance, statutory compliance, and overall transparency in the functioning of the institution.

11. We also place on record our appreciation for the auditing firm, M/s Vijayan and Associates, for having submitted a comprehensive and well-considered report in compliance with the directions issued by this Court, which has greatly assisted us in examining the matter in its proper perspective.

12. In the above circumstances, we are of the considered view that immediate and comprehensive corrective measures are imperative. In particular, it is essential that a fully centralised computerised system be implemented to manage both administrative and accounting functions, so as to ensure accountability, transparency, and efficient financial management across all temples under the Board.

13. We, therefore, issue the following directions:

**a. Centralised System Implementation:**

The Travancore Devaswom Board shall take immediate steps to implement a fully centralised computerised system covering all aspects of administration and accounting.

**b. Data Migration Framework:**

Prior to such implementation, the Board shall prepare a structured and comprehensive data migration plan. This shall, inter alia, include:

**c. Standardisation of data formats;**

Proper mapping of existing data fields with the proposed system; and thorough validation and cleansing of legacy data to ensure accuracy and integrity.

**d. System Compatibility and Transition:**

The centralised software shall be designed with adequate flexibility to import data from commonly used formats. In the alternative, appropriate data conversion tools shall be developed to facilitate a smooth and error-free transition from existing systems.

**e. Phased Implementation:**

The centralised system shall be rolled out in a phased manner, initially on a pilot basis in selected temples. This will enable the Board to identify practical and operational challenges and ensure a more efficient and stable implementation across all temples.

**f. Capacity Building and Training:**

The Board shall conduct adequate and structured training programmes for temple staff and other concerned personnel to ensure proper adoption, effective utilisation, and long-term sustainability of the system.

**g. Internal Controls and Audit Mechanisms:**

The centralised system shall incorporate robust internal control mechanisms, including user access controls, role-based permissions, and comprehensive audit trails, so as to enhance transparency, accountability, and regulatory compliance.

**h. Preservation of Legacy Data:**

Before discontinuing any existing software or systems, the Board shall ensure that all historical data is securely backed up and preserved in standardised formats, so as to meet future reference requirements and facilitate audit and verification processes.

14. These directions are issued with a view to ensuring that the deficiencies identified are addressed in a time-bound and effective manner, and that a modern, transparent, and accountable system of financial management is put in place.

15. This Court has already issued directions regarding the computerisation of the Travancore Devaswom Board in association with KITFRA in DBAR No. 2 of 2025. In furtherance of the same, we direct that a copy of the present report shall be placed before the Project Implementation Unit of the Travancore Devaswom Board as well as KITFRA. The said authorities shall consider the recommendations of the

auditor in detail and take appropriate steps to incorporate the same within the ongoing computerisation and reform process.

The matter shall be tagged with DBAR No. 2 of 2025.

Sd/-

**RAJA VIJAYARAGHAVAN V,  
JUDGE**

Sd/-

**K.V. JAYAKUMAR,  
JUDGE**

msp

