

WEDNESDAY, THE 17TH DAY OF JUNE 2026

DBAR No. 3 of 2022

DEPUTY DIRECTOR KSAD

VS

THE SECRETARY

ADVS FOR PETITIONER/S:

GOVERNMENT PLEADER

ADVS FOR RESPONDENT/S:

**RAJA VIJAYARAGHAVAN V.
&
K.V. JAYAKUMAR, JJ.**

DBAR No. 3 of 2022

Dated this the 17th day of June, 2026

ORDER

Raja Vijayaraghavan V, J.

This instant Devaswom Board Audit Report pertains to the accounting year 2019–2020.

2. It appears that, by order dated 31.01.2022, this Court had referred the matter to the learned Ombudsman for scrutiny and submission of a report. It is seen that the report from the Ombudsman has not been received thus far.

3. The audit and budget of the Cochin Devaswom Board find place in Chapter XI of the Travancore-Cochin Hindu Religious Institutions Act, 1950 (hereinafter referred to as the "TCHRI Act" for the sake of brevity). Section 102 of the TCHRI Act deals with the appointment of auditors. It provides that the Board and the trustee of every institution shall maintain regular accounts of all receipts and disbursements and that the accounts of the Board shall be audited annually. The accounts of every institution are also required to be audited annually or, if the Board so directs in any case or class of cases, at shorter intervals. Sub-section (4) of Section 102 provides that the audit shall be conducted by auditors appointed by this

Court in the case of the accounts of the Board and of incorporated and unincorporated Devaswoms and institutions under its management, and by the Board in the case of other institutions.

4. Section 103 of the TCHRI Act deals with the submission of audit reports. Sub-section (1) provides that, upon completion of the audit for any year, shorter period, transaction, or series of transactions, the auditor shall submit a report to this Court in the case of the accounts of the Board and of incorporated and unincorporated Devaswoms and institutions under its management, and to the Board in the case of other institutions. Sub-section (2) further provides that the Board shall forward a copy of the audit report to the Government within a period of two months from the end of the year to which the report relates.

5. Section 104 of the TCHRI Act requires the auditor to specify in the audit report all instances of irregular, illegal, or improper expenditure, failure to recover money or property due to the Board or to incorporated or unincorporated Devaswoms and institutions under its management, as well as any loss or waste of money or property occasioned by neglect or misconduct.

6. Section 105 of the TCHRI Act deals with the rectification of irregularities. Under Section 107, the Board is required to prepare a Budget and Administration Report every year.

7. We have referred to the aforesaid statutory provisions because, while exercising our jurisdiction in matters concerning Devaswom administration, we have repeatedly come across situations such as the present one, where even the audit

relating to past several financial years have not attained finality. We are also given to understand that audit reports pertaining to earlier years have likewise been referred to the learned Ombudsman and remain pending scrutiny. Such delays strike at the very purpose of the statutory audit mechanism and are plainly inconsistent with the scheme and intent of the TCHRI Act, which contemplates timely audits, prompt identification of irregularities, and effective corrective action.

8. We find that the present Audit Report pertaining to the financial year 2019–2020 contains a large number of serious observations and recommendations which warrant immediate attention and the prompt initiation of corrective and remedial measures by the Devaswom Board. The report highlights, inter alia, the failure to effectively implement the double-entry accounting system despite repeated recommendations, wrong debits reflected in bank passbooks amounting to ₹45.59 lakhs, wrong credits aggregating ₹95.38 lakhs, deficiencies in account verification procedures, non-reflection in the annual accounts of the actual amounts collected during the financial year, substantial arrears relating to income tax refunds due to the Board, discrepancies concerning tax deducted at source on cash withdrawals by banks, and several other accounting and financial irregularities of a similar nature.

9. The observations contained in the audit report reveal systemic deficiencies in the manner in which the accounts of the Board are presently maintained and monitored. Such deficiencies not only impair financial transparency and accountability but also expose the institution to avoidable financial risks and errors. The recurring nature of many of these objections indicates that the existing accounting framework is largely dependent upon outdated and manual processes,

which are inherently susceptible to human error, omission and inadequate supervision. We are of the considered view that a substantial number of the deficiencies and irregularities pointed out by the audit could be effectively addressed, if not altogether eliminated, through the adoption of a modern, integrated and end-to-end computerized accounting system. Digitization of accounts, coupled with real-time reconciliation, automated accounting controls, electronic record maintenance and periodic system-based audits, would significantly enhance accuracy, transparency and efficiency in financial management. We therefore deem it necessary that the Board seriously examine the feasibility of implementing a comprehensive end-to-end computerisation of its accounting and financial management processes and take expeditious steps in that regard so as to prevent the recurrence of such lapses in future.

10. We would like to remind the Board that transparency, accountability, and the adoption of robust technological safeguards are no longer matters of administrative choice; they are essential components of good governance and are intrinsically linked to the statutory duties cast upon the Board. The continued recurrence of audit objections, coupled with the delay in completing audits and implementing corrective measures, raises serious concerns regarding the efficacy of the existing systems and oversight mechanisms. Unless meaningful structural reforms are undertaken, audit observations will continue to remain a recurring feature, year after year, without effective resolution.

11. In that view of the matter, it is imperative that the Cochin Devaswom Board (CDB) puts in place, at the earliest, a comprehensive, fully integrated, secure,

and tamper-resistant digital governance framework covering all institutions under its management. Such a system should ensure that all receipts, expenditures, approvals, procurements, inventories, and administrative decisions are digitally recorded, monitored, and reconciled on a real-time basis, thereby facilitating transparency, accountability, and effective audit oversight. The proposed system shall, inter alia, be capable of:

- (a) Tracking all receipts from every temple, institution, commercial activity, and other revenue-generating establishments, in real time;
- (b) Monitoring tender and procurement processes, ensuring transparent bidding procedures, and preventing transactions with blacklisted or disqualified entities;
- (c) Ensuring that procurements are made through transparent processes and that purchases are not effected at rates exceeding prevailing market prices without proper justification and approval;
- (d) Capturing every voucher, credit slip, stock movement, and financial transaction through a comprehensive digital audit trail;
- (e) Integrating human resource records, including qualifications, sanctioned posts, vacancies, appointments, promotions, and approvals, so as to ensure transparency and accountability in personnel administration;
- (f) Recording all approvals and prerequisites relating to construction and development activities, including the uploading and preservation of

structural drawings, plans, estimates, technical sanctions, and related documents prior to approval;

- (g) Establishing a dedicated Contracts and Purchase Management Module incorporating features such as contract creation and approval workflows, budget validation, vendor verification, performance and compliance monitoring, milestone-based payments, digital repositories, amendment controls, termination protocols, and complete audit trails.
- (h) Land and property audit system with a comprehensive digital database of all assets.
- (i) Jewellery and valuables appraisal and inventory.

12. Insofar as the Travancore Devaswom Board (TDB) is concerned, this Court has, in earlier proceedings, issued specific directions for the comprehensive digitisation of accounts, receipts, invoices and all allied financial records, as well as for the implementation of an integrated microservices-based software ecosystem with a view to ensuring transparency, accountability and auditability in the administration of the Board. Such directions were issued having regard to the need for maintaining financial records in a manner consistent with modern governance standards and to facilitate effective auditing in strict conformity with the provisions of the TCHRI Act. This Court had further directed that the proposed digital architecture shall incorporate robust role-based access controls, tamper-proof audit trails, automated reconciliation mechanisms and real-time monitoring facilities covering all temples and institutions under the administrative control of the Board. It

was also specifically directed that the Kerala State Audit Department be associated as a mandatory stakeholder at the design, development and implementation stages so as to ensure "audit-by-design" compliance and to minimise the possibility of recurring audit objections and financial irregularities.

13. Having regard to the serious nature of the observations contained in the Audit Report and the directions already issued by this Court, we deem it appropriate to call upon the Board to place before this Court a detailed counter-affidavit indicating the measures that have been adopted and those proposed to be adopted for addressing the deficiencies highlighted in the report. The Board shall specifically set out the corrective and remedial measures already undertaken, the present status of compliance in respect of each of the audit objections, the action taken to recover or reconcile amounts found to have been wrongly debited or credited, and the steps initiated for strengthening its accounting and internal control mechanisms. The Board shall also indicate the extent of progress achieved in the digitisation of its accounting and financial management systems, together with a definite timeline for the completion of the remaining works.

Post on 30.06.2026.

Sd/-
**RAJA VIJAYARAGHAVAN V,
JUDGE**

Sd/-
**K.V. JAYAKUMAR,
JUDGE**