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VISION

“To build sustainable urban settlements for a dignified life”

MISSION

“Building well-constructed, compact and secure urban settlements and empowering communities socially, economically and culturally”

OBJECTIVES OF THE URBAN SETTLEMENT DEVELOPMENT AUTHORITY

- Establishing well-planned compact urban settlements in all urban areas.
- Enhancing economic and social development of urban communities.
- Inculcating a feeling of property ownership in urban communities.
- Pursuing excellence in the performance of the Authority.
- Converting the Authority into a self-financing entity.



Review of the Chairman

M.L. Sampath Subasinghearachchi

Chairman

Urban Settlement Development Authority

The prime objective of the Urban Settlement Development Authority (USDA) is the development of housing and physical environment of the low-income communities residing in urban areas under a holistic urban and habitat development approach in order to uplift their living standard and to empower the target group socially, economically and culturally.

Strengthening the Authority and making it an independent entity not reliant upon the Treasury through the Fund are our twin objectives for the future and I am happy to note the unwavering commitment of our staff for the attainment of these objectives.

One of the major obstacles encountered by the USDA was the non-availability of lands. Securing the approval of the Cabinet of Ministers for mix development projects for underutilized post office premises subsequent to discussions with the Department of Posts as a way of addressing this problem too was a major achievement.

Accordingly, we embarked on an ambitious project under a public private partnership to launch housing projects for the

middle class without being charged on the Treasury and the preliminary work in a 408 unit housing project was commenced at Welisara, Wattala signifying yet another landmark accomplishment in 2021.

Preparatory work in lands identified for new projects is now in progress.

- Sri Jayawardenapura Kotte post office premises
- Kaduwela post office premises
- Nittambuwa Orchardwatta Housing Project
- Athurugiriya Sasasiripura land

In addition, provisions have been approved by the Treasury this year for the construction of 32 housing units at Thuduwegoda,

Hikkaduwa and 83 housing units at Nawalapitiya for low income families.

In addition to these achievements, I am happy to note that the grading of the staff which had been shelved since the inception of the Authority could be finalized this year creating a pleasant working environment within the institution.

Further, conducive environment for improved employee performance was created by starting quarterly employee appraisals. In the year 2021, vacancies in human resources were filled enabling the Authority to expedite the process of delivering a more efficient service to the public.

For the spiritual development of the staff, arrangements were made to conduct a Dhamma Sermon by a Buddhist prelate every month on the day prior to the Full Moon Poya Day instilling spiritual values together with

concentration, self-control making them more inclined towards service to the public.

It is also worth mentioning that opportunities were accorded whenever possible to staff members to take

part in training programmes to broaden their knowledge despite the restrictions and obstacles due to the Covid-19 pandemic situation.

Another responsibility entrusted to us this year under the 'Swashakthi' Human Development Programme was to plan special programmes to improve language skills and soft skills of young men and women.

This programme was initiated under the guidance of the State Minister, Hon. Nalaka Godahewa and had an encouraging start in the year 2021 and all arrangements have been put in place as of now to conduct this programme island-wide.

Two trade fairs were organized in April and December this year to encourage small and medium scale entrepreneurs and a self-employment loan scheme was introduced to lend a supporting hand to these entrepreneurs.

We are committed to make the export market and local market accessible to entrepreneurs engaged in small and medium scale manufacturing processes and I wish to recall that People's Bank joined hands with us for providing loan facilities to these entrepreneurs who are engaged in their trades

as self-employed persons.

Similarly, through the programmes –

- Saubhagya Praja Shakthi,
- Saubhagya Diri Bala,
- Daubhagya Nena Bala, and
- Saubhagya Divi Waruna

a host of programmes were implemented in 27 settlements in 16 districts for children, parents, young men and women, senior citizens and drug addicts.

Even during the quarantine curfew, our staff reported to work every day in spite the Covid pandemic considering their work as an essential service, and it is worthy of note that the office was not closed even for a single day in the year 2021 due to the quarantine curfew.

I am happy to note that all employees are working with single minded dedication towards the realization of our prime objective of making the USDA a public sector institution devoid of bribery and corruption equipped with a disciplined staff and a self-financing entity without being a burden to the people.



Review of the Board of Directors

By order of the Board of Directors,
Secretary to the Board of Directors
Director General
Urban Settlement Development Authority

During the year under review, 07 meetings of the Board of Directors were held. The Audit and Management Committee which functions as a subcommittee of the Board of Directors held 03 meetings during the year 2021.

The following members of the Board of Directors serve as the members of the Audit and Management Committee.

Mr. Saman Jayasinghe - Member
Mrs. E.M.N. Edirisinghe - Member
Mrs. F.N. Samana Sanoos - Member

While offering housing solutions to people living in underserved urban settlements, the Urban Settlement Development Authority seeks to empower them socially, economically and culturally. With this objective to the fore, the USDA plans and executes programmes under a two-fold approach as physical development and human development.

As per sections 12 and 13.6 of the Finance Act No. 38 of 1971, the Board of Directors of the Urban Settlement Development Authority is responsible for ensuring the keeping of proper accounts of the income and expenditure and other transactions and the preparing of financial statements that reflect a true and fair view of the accounts and of the surplus/ deficiency for the relevant year.

Accordingly, the Board of Directors has directed the Authority to maintain account books in good order and review the method of financial reporting at meetings that are held regularly and through the Audit Committee.

In preparing the financial statements presented in this annual report, the Board of Directors has sought to comply with accepted accounting standards and to substantiate such statements through fair and prudent judgments and estimates. The Board has taken all possible measures that they could have practically taken to protect the assets of the Authority and to prevent frauds and other irregularities.

The Board of Directors have put in place an effective and extensive internal control system comprising of internal audit and financial and other controls which is required for the delivery of the service of the Authority in a systematic manner and to protect the assets of the Authority and to ensure to fullest degree possible the accuracy and reliability of its reports.



Review of the Advisory Committee

In terms of Section 10 of the USDA Act, No. 36 of 2008, the Advisory Committee was appointed. The USDA Act has specified that the Advisory Committee should consist of a Chairman and not more than fourteen members ensuring that there is adequate gender representation.

The term of office of the Advisory Committee should be 03 years from the date of appointment. One of the members appointed to the Advisory Committee should be appointed as the Chairman with the approval of the Board of Directors. Accordingly, Professor Rangika Halwathura has served as the Chairman of the Advisory Committee since the year 2021.

The primary task of the Advisory Committee is to formulate a national policy in respect of the urban settlement development

to ensure a sustainable urban development and the Authority may seek advice of the Advisory Committee in approving and dealing with any such matter pertaining to the formulation and execution of proposals, plans, projects and action programs of the Authority having due regard to the proposals that may be received from the people living in urban settlements.



Review of the Audit and Management

By order of the Audit and Management Committee
Secretary to the Audit and Management Committee
Director General
Urban Settlement Development Authority

Powers for reviewing and monitoring have been vested in the Audit Committee for ensuring the existence of an appropriate financial reporting system and guaranteeing that such system is efficiently managed enabling the provision of accurate, appropriate and timely information to the management and the relevant authorities and for managing the accounting and internal controls so as to be compliant with the laws and policies of the Authority and statutory and corporate administration.

The Audit Committee comprised the treasury representative and two (02) members of the Board of Directors. In keeping with the guidelines for state enterprises, Mr. D.P.Wimalasena, the Director, Department of Treasury Operations served as the Chairman of the Committee in the year 2021. Mrs. K.A.S.Walpola and Mrs. F.N. Samana Sanoos, Attorney at Law functioned as the committee members.

In terms of Board of Directors' Note No: 06/2021/N-14 at the Board meeting No: 06/2021 held on 26.11.2021, Mr. Saman Jayasinghe, the Treasury Representative of the Board and Additional Director General of the Public Enterprises Department was appointed as the Chairman of the Audit and Management Committee in accordance with the public enterprises guidelines and two other members of the Board, Mrs. E.M.N. Edirisinghe and Attorney at Law Mrs. Samana Sanoos were appointed as members of the Committee. Thus, at committee meeting No: 02/2021 held in 01.12.2021 and at committee meeting No: 03/2021 held on 28.12.2021, the above mentioned officers served as the members of the committee meetings.

The Audit Superintendent of the government and the Chief internal Auditor of the line ministry participated at the meetings of the Audit and Management Committee as observers and the divisional heads of the USDA and other officers as and when necessary attended the meetings. The Director General of the Authority functioned as the Secretary of the committee. The internal audit programme prepared for the year 2021 by the internal auditor was considered and approved by the Committee. During the year under review, the Committee held 02 meetings. The Committee laid emphasis on the improvements to be made including the timely preparation and submission of audit reports, responses to audit queries, observations of internal and external audits, internal control systems as well as the Annual Report. Accordingly, necessary remedial measures have been taken and the follow-up action in respect of the decisions taken were discussed and reported to the Board of Directors.

I wish record my appreciation regarding valuable contributions made by the members and officers and in particular the invaluable observations made by the Auditor General.

COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of directors of the USDA as at 31.12.2020 is as follows



Mr. M.L. Sampath
Subasinghearachchi
Chairman



Mr. Udaya Nanayakkara
Secretary to the Board



Mr. R. Duminda Silva
Member of the Board



Mrs. F.N. Samana Sanoos,
Attorney at Law
Member of the Board



Mr. P.W. Leelarathne
Member of the Board



Mr. P.G.S. Mangala
Member of the Board



Mr. W.A. Uditha Pushpakumara
Member of the Board



Mr. Chandima Deepika
Panagoda, Attorney at Law
Member of the Board



Mrs. E.M.N. Edirisinghe
Member of the Board



Mr. Ajith Wasantha Jayalal
Member of the Board



Mr. Saman Jayasinghe
Member of the Board



Professor Rangika Halwathura
Chairman

COMPOSITION OF THE ADVISORY COMMITTEE

The composition of the Advisory Board of the
USDA as at 31.12.2021 is as follows.



Mr. H.B. Dhamendra
Member



Mr. Kalinga Thilakaratne
Member



Mr. N.D. Ruwan Kumara
Member



Mr. Jayantha Kumara
Atapattu - Member



Mr. J.B. Ellepola
Member



Mr. R.A.S.K. Kularatne
Member



Mr. R.G.C.P. Ranatunga
Member



Mr. R.G.G. Dinesh
Member



Mrs. R.P. Silva
Member



Mr. B.G. Jayathilake
Member



Mr. Priyantha Ratnayake
Member



Mr. K.Anil Wickremasinghe
Member



Mr. K.M.D.K. Karunadasa
Member



Mr. G.A.L.N. Abeywickrema
Member

KEY MANAGEMENT PERSONNEL OF THE USDA



Mr. M.L. Sampath
Subasinghearachchi
Chairman



Mr.V.U.B. Nanayakkara
Director General (2021.07.12)



Mr. Prasanna J. Wickremasuriya
Director General w.e.f.
30.12.2021



Mrs. K.K.W. Thushari P de Silva
Director (Planning Monitoring)



Mrs.A.G.S.N. Nishanthi
Director (Finance)



Mrs. P.M.A. Weerakkodi
Director (Social Mobilization)



Mr. Nalin Gankanda
Director (Engineering)



Mr. S. Suranga Munasinghe
Director Acting (Engineering)/
Asst Director (IT & Media)



Mrs. D.A. Devika Dissanayake
Deputy Director (Legal)



Mr. L.R.A. Shantha
Deputy Director (Internal Auditor)



Mr.A.M.K.B. Athauda
Deputy Director (Finance) (Loan Re-
covery /Transport & Maintenance)



Mr.A.P.R. Gnanapriya
Deputy Director
(Human Resources Development)

KEY MANAGEMENT PERSONNEL OF THE USDA



Mr. R.D. Susantha Fernando
Deputy Director
(Procurement & Marketing)



Mrs. W.P. Udani Perera
Deputy Director
(Lands & Assets Management)
(Up to 12.07.2021)



Miss Anusha Rajapaksa
Asst. Director
(Architectural)



Mrs. K.G. Anuradha Kanchani
Asst Director
(Research & Development)
(Up to 12.07.2021)



Mrs. M. Pushpa
Asst Director
(Social Mobilization)



Mr. R.A. Susantha
Asst Director
(Social Mobilization)



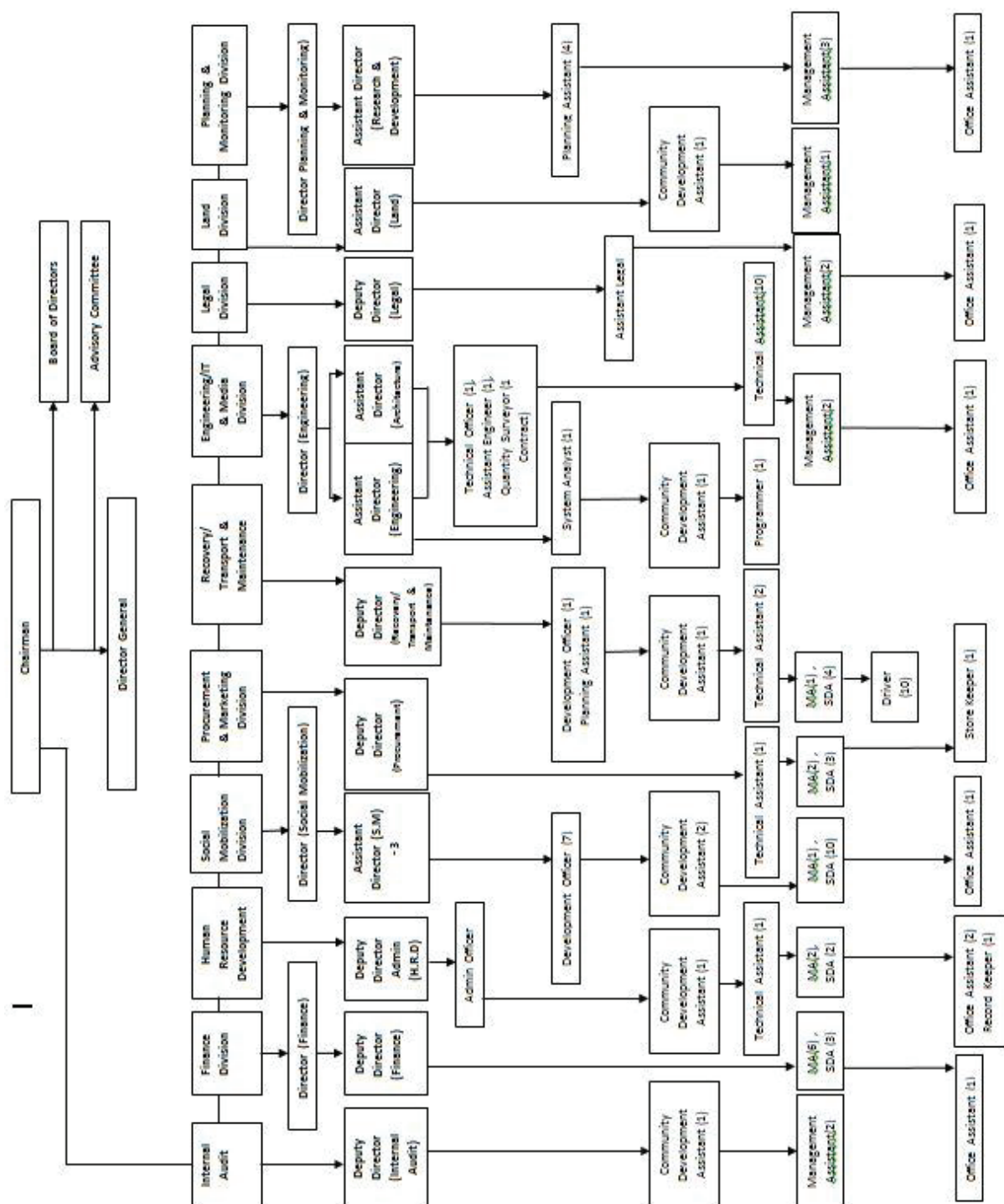
Mrs. K.I. Darshani
Asst Director
(Social Mobilization)

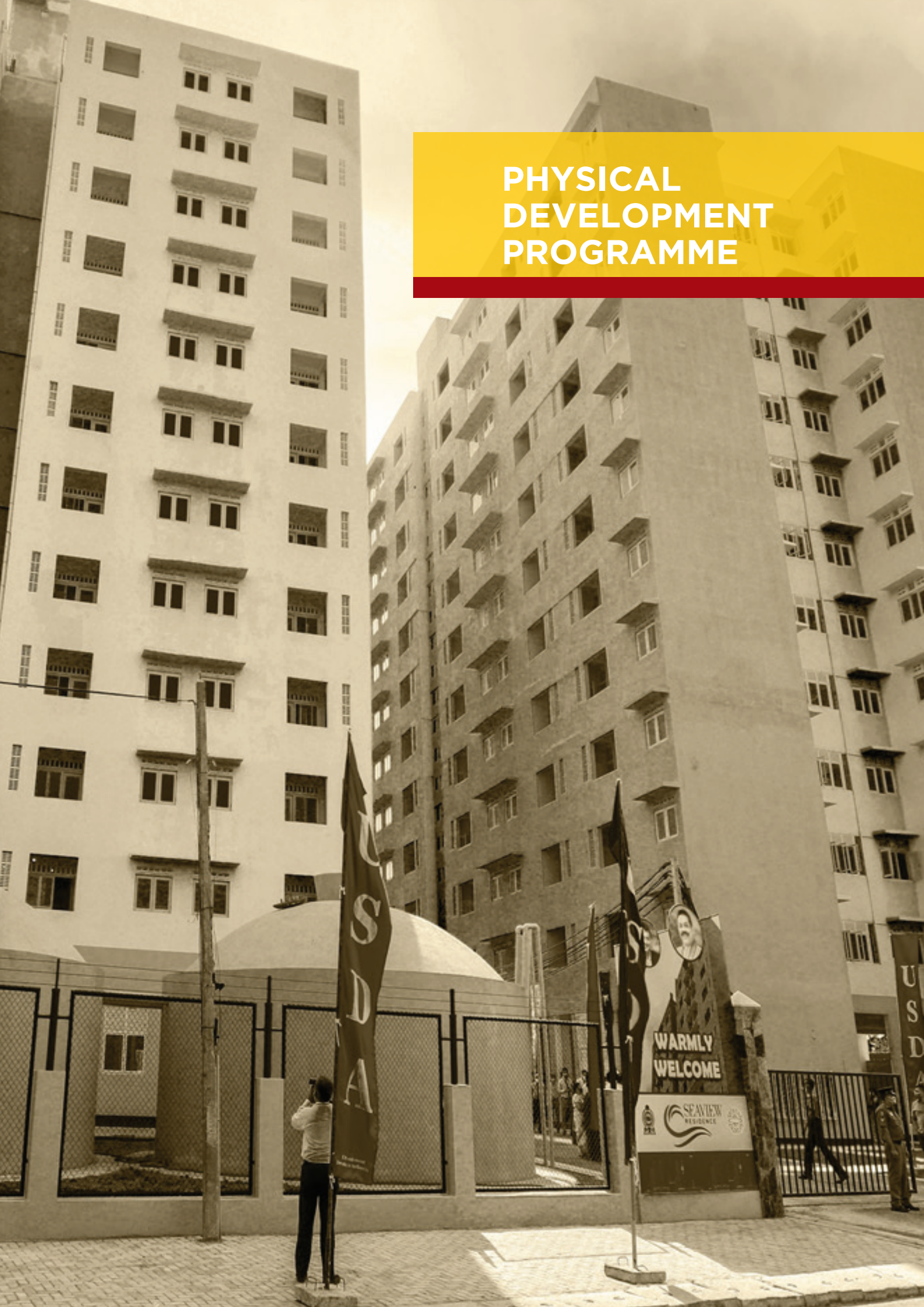


Mr. A.L. Harsha Dilankara
Acting Asst Director
(Lands & Assets Management)
(w.e.f. 29.12.2021)



Mrs. Jayathri Ariyathilake
Acting Asst Director
(Research & development))
(2021.12.30)





PHYSICAL DEVELOPMENT PROGRAMME

Housing Projects Lineup and Progress

With the objective of providing a comfortable home for every family in line with His Excellency the President's policy statement "Vistas of Prosperity & Splendour", it is proposed to implement special housing projects across the country in urban areas for low income and middle income families with facilities for long term repayment schemes. Accordingly, housing projects planned by the USDA and the project lineup for the year 2021 and the review of progress thereof are given below.

"Sea View Residencies" Housing Project, Lunawa

"Sea View Residencies" housing project, the construction of which was commenced by the Urban Settlement Development Authority with the Treasury provisions in the year 2012 on Thanayamwatta land with an extent of 01 acre and 03 roods located at Moratuwa Urban Council area in the Colombo District was vested in the people, having resolved protracted issues with the Moratuwa Urban Council to the satisfaction of both parties, on 09th April 2021 under the patronage of the State Minister of Urban Development, Garbage Disposal and Community Cleanliness, Hon. Nalaka Godahewa.

The prime location of the land with a distance of only one kilometer from the Galle Road and just 20 meters from the Lunawa railway station and easy access to banks, hospitals, schools and service stations within a very short period are the

special benefit of the project. Similarly, the beach front view for one building too was a factor in luring buyers into purchasing housing units of the project.

A total of 356 units are distributed amongst 3 buildings and each housing unit is of 410 square feet with 02 rooms and the prices range from 4.5 million to 5.5 million.

- Building A - 176
- Building B - 92
- Building C - 88





In view of the decision for the disposition of houses to low middle income earners, modern amenities such as a daycare centre and a preschool, an office for the Management Corporation, an office and security huts for security personnel and internal road network and parking facilities were incorporated into the project plan.

There was a very high demand for two types of model houses and could be easily sold to buyers. Having completed the

construction activities in the year 2021, housing units were mainly sold to low middle income earners and some units were sold to employees of the USDA under an easy payment scheme.

As of 31.12.2021, down payments have been made for the disposition of all housing units of this housing project.

Low income housing projects planned to be implemented in the year 2022

Thuduwegoda low income Urban Housing Project - Phase I



The proposed Thuduwegoda urban housing project is to be constructed on a land called Kudagodawaweladeniya located at Hikkaduwa Township Grama Niladhari Division 59(A) of the Hikkaduwa Divisional Secretary Division. It will be a special project targeting low and middle income earners and will be implemented under 02 phases. The approval of the National Planning Department and the Cabinet of Ministers has been received for the implementation of the 01st phase of the project and provisions have been allocated through the Ministry.

It is proposed to construct a project with a total of 192 units comprising 32 houses under phase 01 for 32 low income families displaced by the Tsunami disaster and 160 houses under phase 02 for middle income

earners and the construction cost of phase 01 will be apportioned by the Treasury and phase 02 is expected to be implemented as a Public Private Partnership in the land released after the completion of phase 01.

The two phases have been planned as separate projects with physical differences and will have difference accesses and will not share common amenities with each other.

Prior to the implementation of Phase 01 of the project, the USDA conducted a socioeconomic survey and identified the need for constructing a housing project for low income earners. Further taking cognizance of the location of the project and the flourishing tourism industry in the area, a market survey was conducted to assess the demand for a middle income earner housing project. It was confirmed that there was a high demand from local and foreign buyers for a housing project for the middle class.

According to the conceptual plan of this project, it is proposed to be constructed as a low-income housing scheme comprising of 32 housing units with a floor area of 550 square feet in 02 buildings each having 4 (G+3) floors and will be equipped with elements such as the internal road network, common amenities, spaces for entertainment, the sewerage system, landscaping, a children's park and parking lots. The estimated cost of Phase 01 is Rs. 157.9 million.

The number of targeted families has been identified as 32 by the Divisional Secretary, Hikkaduwa and the houses will be disposed to beneficiaries with the involvement of the

Divisional Secretary and field officers and a part of the construction cost will be recovered in interest-free installments within a maximum period of 30 years. Accordingly, having regard to the paying capacity, it is proposed to recover a sum of Rs. 1,000,000.00 without interest within a period of 30 years and the monthly instalment expected to be levied from a beneficiary is Rs. 2,778.00.

Further, the USDA also expects to charge a sum of Rs. 50,000.00 from each beneficiary for the establishment of the Management Corporation Fund.

Since deeds cannot be granted to beneficiaries until the expiry of 30 years, the maintenance cost of buildings has to be borne by the USDA. Therefore, after disposing the ownership to the beneficiaries on conditional permits, it is expected to establish the Condominium Management Corporation for the maintenance, management and administration of buildings and handing over its administration to the Condominium Management Authority.

In the year 2022, the project is scheduled to be implemented with the provisions of the consolidated fund. Further, preliminary procurement activities for the project have been finalized as of now.

Nawalapitiya “Soysakele” Rehousing Project



Soysakele labourer housing complex at Nawalapitiya West Grama Niladhari Division is located on a land 03 roods and 18 perches in extent.

The occupants of these houses belong to a labour community engaged in casual jobs in the town and they have been living there for nearly 50 years. As this housing complex is heavily congested there is a danger of rapid spread of diseases. In the year 2018, plans were drawn up to implement a housing project comprising 80 housing units and recommendations were obtained from the National Planning Department for

the implementation of this housing project in the year 2019.

However as per the socioeconomic survey conducted again by the USDA in order to identify the new requirement for the implementation of the project in the year 2021, 83 housing units have been identified in this housing complex. The approval of the Cabinet too has been obtained as of now.

Therefore, the USDA expects to implement this project in the year 2022 with the aim of uplifting the living standard of the target beneficiaries and offering them social benefits while developing the physical environment. It is also expected to establish

internal physical and social infrastructure in the proposed settlement with the objective of long term sustainable well being and human development.

The land on which this underserved settlement is located and the housing project is proposed to be implemented is the land parcel shown as lot No. 01 in Plan No: P.P.8305 dated 09.02.1928 of the Surveyor General surveyed and prepared by the Department of Survey and is and extent of 01 acre and 1.9 perches out of the 05 acres 01 rood and 24 perches land belonging to the Nawalapitiya Pradeshiya Bala Mandalaya. In the original copy 7035, it has been indicated as a crown land. The Nawalapitiya Urban Council has agreed to transfer this land to the USDA for the implementation of a housing project for its residents.

According to the conceptual plan of this project, it is proposed to be constructed as a 83-unit housing scheme with each unit having a floor area of 550 square feet and will be equipped with an internal road system, common amenities, spaces for recreational activities, a sewage system, landscaping, a children's park, and a vehicle park. The estimated cost of the project is Rs. 408 million.

.The houses will be disposed to 83 beneficiaries on the recommendations of the Divisional Secretary and field officers.

The disposition of housing units of the project.

will be determined as per the paying capacity of the target group and a part of the construction cost will be recovered in interest-free installments within a maximum period of 30 years

Accordingly, having regard to the paying capacity, it is proposed to recover a maximum sum of Rs. 1,000,000.00 without interest within a period of 30 years and the monthly instalment expected to be levied from a beneficiary is Rs. 2,778.00.

Further, the USDA also expects to charge a sum of Rs. 75,000.00 from each beneficiary for the establishment of the Management Corporation Fund.

Since deeds cannot be granted to beneficiaries until the expiry of 30 years, the maintenance cost of buildings has to be borne by the USDA. Therefore, after disposing the ownership to the beneficiaries on conditional permits, it is expected to establish the Condominium Management Corporation for the maintenance, management and administration of buildings and handing over its administration to the Condominium Management Authority.

In the year 2022, the project is scheduled to be implemented with the provisions of the consolidated fund.

Identifying lands suitable for implementing housing projects for urban low and middle income community

A comprehensive programme was launched under the guidance of the new management for identifying lands suitable for implementing projects for providing housing solutions to urban low income earning community and providing houses for urban middle income earners at a price affordable to them. In identifying lands suitable for constructing houses, priority was accorded to state owned lands and an island-wide survey was conducted in collaboration with the Divisional Secretariats to gather necessary information.

Similarly, identification of lands in coordination with other institutions with land ownership such as the Land Reforms Commission and local government authorities was successful compared to previous years.

Accordingly, field surveys were conducted as regards the lands identified for the future project lineup of the Authority and based on feasibility studies conducted, new projects were planned for the following lands.

In addition, obtaining the approval of the Cabinet of Ministers for the implementation of multi-purpose projects under Public Private Partnerships with the involvement of the USDA in identified lands belonging to the Postal Department can be termed as an outstanding achievement. The underutilized lands belonging to the Postal Department and projects will be planned in such manner where benefits will be accrued on both parties.

#	Description	Extent (Hectares)
1	Wattala, Millagahawatta	2.4532
2	Nittambuwa "Orchard Watta"	3.0862
3	Sri Jayawardanapura, Kotte	0.2963
4	Kaduwela Post Office premises	0.2757

Middle income housing projects planned to be implemented in the year 2022

“Welisara Heights Residencies” Housing Project, Wattala



“Welisara Heights Residencies” housing project at Elpitiwala Grama Niladhari Division in the Wattala Divisional Secretariat is a special housing project designed for the middle income community. The project area is located at a picturesque setting in the middle of Ragama and Welisara towns close to the Ragama railway station.

It is equipped with many modern amenities including supermarkets, cafeterias, beauty parlours, play areas and office buildings. In addition there will also be public spaces, children's

parks and parking facilities and the housing project is located within a touching

distance from the Colombo- Negambo main road and is only 18 kilometers away from the capital city.

The project comprising 17 buildings each with 06 floors (G+5) with a total of 408 housing units is proposed to be implemented by the USDA. The total

estimated cost of the project is Rs. 4,738.68 million. The housing units are of two types as A and B and the A type has 204 units with a floor area of 700 square feet and are equipped with 02 bedrooms, a living room, a kitchen, a washroom and a balcony and the B type too has 204 units with a floor area of 908 square and are equipped with 03 bedrooms, a living room, a kitchen, 02 bathrooms and a balcony.

Accordingly, M/S International Construction Consortium, the lowest bidder to

substantially respond to the planning, construction and project financing of 408 housing units at Millagahawatta, Wattala was selected as the contractor.

The foundation stone for the “Welisara Heights Residencies” project was laid by the State Minister of Urban Development, Waste Disposal and Community Cleanliness, Hon Nalaka Godahewa on 03.12.2021.





Sri Jayawardenapura Kotte Urban Housing Project

Plans have already been drawn up by the USDA to implement this housing project on a land 0.2963 hectares in extent on which the Sri Jayawardenapura Post Office at Ethul Kotte West Grama Niladhari Division in the Sri Jayawardenapura Kotte Divisional Secretary Division is located. A residential area of 4,225 square meters, a 225 square meter commercial unit premises and a 556 square meter area with common amenities are expected to be constructed under this project.

Based on the value and location of this land, the USDA expects to implement this as a mixed development project with residential and commercial components.

According to the proposed conceptual plan of this project, it has been planned to construct 11 storey building (G+10) with three basement floors. Three floors of the building are to be allocated as office premises and in the remaining 07 floors; it is expected to construct 56 two bed-roomed

housing units with a floor area of 750 square feet each, 56 three bed-roomed

units with a floor area of 1000 square feet each and 08 units on the top floor making a total of 120 units and the 03 basement floors are to be used as a vehicle park. The total estimated cost of the project is Rs. 4000 million.

For providing this land for a new development activity, facilities such as a new post office premises, an inter postal exchange premises, a senior postal officers office premises and official quarters are expected to be provided to the Postal Department.

Since the head office of the USDA is

currently maintained on monthly rent basis, a new office premises for the Authority too is expected to be established.

The proposed project site being located in an area highly suitable for mix development, i.e.

residential and commercial development with all the required infrastructure facilities already in place, easy and convenient access to schools, banks, commercial centres, trade complexes and open spaces like Beddagana and Diyatha and potential for attracting investors and buyers are the key benefits of this project.

Houses are due to be provided to employees of the public and private sectors from this housing project and the other benefits of the project include the improvement of existing infrastructure facilities, contribution to

a new development initiative in the area with modern amenities, creating of a pleasing working environment for the office complex, generating income through mix development and optimizing the utilization of underutilized prime lands in urban areas.

Before the implementation of the project, the USDA conducted a feasibility study relevant to the project to assess the feasibility of implementing a mix development project in the area

The approval of the Cabinet of Minister has been received to acquire the necessary provisions without being charged on the Treasury, cover the total construction cost from the revenue earned through the sale of housing units and implement the project as a public private partnership. The project committee has been appointed and the conceptual plan too has been drafted. A feasibility study has also been conducted.



Kaduwela Mix Development Project

For the implementation of a mixed development project, (with housing and office facilities), the land which was surveyed by the Colombo District Chief Surveyor Superintendent on behalf of the Surveyor General with an extent 0.2757 hectares (108 perches) bearing plot No. 01 in O.C. 1448 of Plot Letter A of tracing No: CO/KDW/2021/463 has been identified. The Postal Department has consented to provide this said land to the USDA for this project.

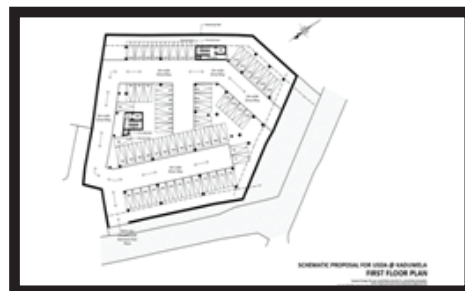
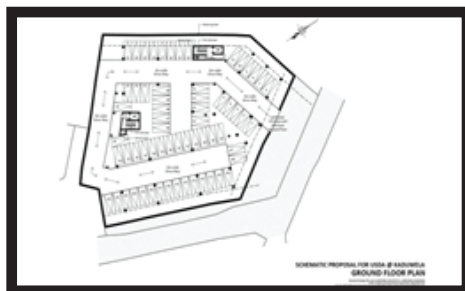
On this prime land with high commercial value, it has been planned to construct a modern office premises with housing, commercial and service facilities. It is expected to allocate net space of 10,818 square meters for residential units and 2,711 square meters for an office premises.

A new post office premises, a postal training institute and official quarters are to be



constructed for the Postal Department to suit the current value of the land to return the favour for providing this land for a new development activity.

This project is due to be implemented by the USDA and is proposed to be financed through the selection of a suitable investor using national competitive bidding under public private partnership without being charged to the Treasury.





“ORCHARD
WATTTA”
housing project,
Nittambuwa

In order to implement housing projects for the middle class, the identification of government-owned lands in Colombo, Gampaha and their suburbs was carried out by the USDA and one such land is the “Orchard Watta” land belonging to the Land Reform Commission 3.7977 hectares in extent identified as LRC/ No./3179 (Plan No. 777) Lot No. 01 located at Nambadaluwa village in the Attangalla Divisional Secretary Division. It

is proposed to plan the project using 3.389 hectares of this land and the Land Reforms Commission has agreed to transfer this land to the USDA.

It is proposed to be financed through the selection of a suitable investor using national competitive bidding under public private partnership without being charged to the Treasury.

ANURADHAPURA MIXED DEVELOPMENT PROJECT

The land on which the Anuradhapura post office is located has been identified for the Implementation of a mixed development project with housing and office facilities for middle income earners and the units are to be made available to middle income families to purchase these facilities under a long term easy payment scheme. The Department of Posts has consented to provide this land to the USDA as a result of the USDA receiving approval from the Cabinet of Ministers to carry out multipurpose projects on lands belonging to the Department of Posts.

Thus this underutilized land with high commercial value can be gainfully used in such manner to bring benefits to both parties. It is proposed to establish housing units and service and modern office premises and according to the proposed concept of the project, it has been planned to construct a building with a basement, a ground floor and 7 storeys. This project is to be implemented by the USDA in the year 2023 and it is proposed to be financed through the selection of a suitable investor using national competitive bidding under public private partnership without being charged to the Treasury.

ATHURUGIRIYA MIXED DEVELOPMENT PROJECT

Urban Settlement Development Authority has planned to implement a housing project for middle income families on Sadasiripura land in Athurugiriya located within the Kaduwela Municipal Council area of authority and the Kaduwela Divisional Secretary Division.

It is proposed to be implemented in such manner where middle income

earners will be able to purchase units under a long term easy payment scheme.

In terms of Section 25 of the USDA Act, No. 36 of 2008, the USDA can acquire this land under the Land Acquisition Act. Accordingly, action is being pursued to acquire the Sadasiripura land situated at Athurugiriya to the USDA.

PLANNED LOAN FACILITY PROGRAMMED

SAUBHAGYA DIVIMAGA

In marching towards people centric economy as envisaged in the policy statement “Vistas of Prosperity and Splendour”, the USDA planned to implement “Saubhagya Divigmaga” entrepreneurship development programme to lend a supporting hand to small and medium scale industries with the aim of economically empowering urban low income earners.

The prime objective of the programme was to empower micro and small scale self employed persons and those who aspire to be self employed as entrepreneurs thus making a contribution to the Gross Domestic Product and national development.

This programme is implemented under several key sectors such as small industries, entrepreneurship development, development of fisheries industries and development of urban agriculture and each beneficiary is granted a loan subject to a ceiling of Rs. 300,000. In implementing this programme, it was planned to have a contribution of 20% from beneficiaries.

The National Planning Department has recommended that this programme be implemented in collaboration with a state bank instead of seeking treasury provisions. Accordingly an agreement has been entered into to implement this as a credit programme in partnership with People’s Bank. The USDA will introduce the loan applicants and will monitor the progress achieved by beneficiaries after obtaining the loan.



PLANNED LOAN FACILITY PROGRAMMED



A HAPPY FAMILY A PROSPEROUS HOME

“A happy family, a prosperous home” housing loan scheme is expected to be implemented with the objective of adding standard houses to the urban housing stock by converting partially constructed houses/ dilapidated houses in urban zones island-wide. It was planned to implement this program in all 25 districts of the island.

As beneficiaries selected for this programme do not have access to formal financial institutions, the key objective is to fulfill their housing requirements by extending financial assistance and technical assistance required for upgrading houses.



As a pilot project of the programme it was expected to select 1000 partially constructed/rundown houses and grant a loan of Rs. 500,000 to each beneficiary.

The financial provision requirement of this programme including the management cost was Rs. 517.63 million and the project proposal was referred to the National Planning Department and it recommended that the programme be implemented in collaboration with a state bank or a private bank without relying on funds from the treasury.

Therefore negotiations are in progress to implement this program in partnership with People's bank.

Granting deeds of completed housing projects

Borella “SAHASPURA” Multi-storey housing project



With the approval of the Minister of Urban Development and Housing, the ownership of 38 out of 204 housing units transferred to the USDA from the Sahaspura multi-storey housing scheme was vested in recipient by awarding freehold deeds on a grant and the recipient of 01 house was granted a freehold deed upon the completion of the payment sales value.

The deeds were granted at a function held at the Sahaaspura multi-storey project held in 16.03.2021.



HUMAN DEVELOPMENT PROGRAMME



“SWASHAKTHI”

Human Development Programme 2021

Uplifting socioeconomic status of 5,593 families living in 27 urban settlements in 16 districts across the island was carried out under “Swashakthi” human development programme in the year 2021. The 16 districts were Colombo, Gampaha, Kalutara, Galle, Matara, Hambantota, Kandy, Trincomalee, Kurunegala, Kegalla, Ratnapura, Mannar, Nuwaraeliya, Puttalam and Badulla. Health promotion programmes too were implemented in order to respond to the impacts of Covid-19 pandemic with community participatory interventions at the grass root level focusing on community based solutions.

In terms of “Vistas of Prosperity & Splendour” national policy framework, the human development programme

was successfully implemented along four (04) major components with the active involvement of low income urban community. Each programme comprised of several subprogrammes which were implemented for the realization of objectives of the main programme. The provision allocated by the Treasury for human development programme in the year 2021 was Rs. 30.0 million.

Accordingly, the human development programme was successfully steered towards progress as indicated below despite the challenges posed by the Covid-19 pandemic.

#	Programme	Provisions allocated for 2021	Financial progress of 2021	Physical target in the year 2021	Physical progress in the year 2021
	Human Development Programme	30.00	21.55	100%	94%
01	Daubhagya Praja Shakthi – Programme for social empowerment of community	13.24	8.86	100%	97%
02	Saubhagya Savibala- Economic empowerment of community	6.72	4.00	100%	76%
03	Saubhagya Nenabala – Programme for educationally empowering children & youth	5.13	4.81	100%	100%
04	Saubhagya Diviwaruna – Programme for culturally empowering community	2.94	2.51	100%	100%
05	World Habitat Day Programme	1.97	1.37	100%	100%

SAUBHAGYA PRAJA SHAKTHI–

Social empowerment of community

Under the Saubhagya Praja Shakthi programme, community based organizations are established amongst low income earners and the community is socially empowered individually as well as collectively with due regard to cultural diversity.

Since the sustainability of programmes was ensured by forming and strengthening community based organizations (CBOs), this served as a critical component of community development. In the year 2021, twenty seven (27) CBOs were established and initial technical assistance and financial support were extended for sustaining these organizations.

Amidst the Covid-19 outbreak, USDA worked closely with 27 settlements in 16 districts of the island to assist the sustainability of CBOs. At the end of the year, these CBOs were evaluated using an evaluation criterion and 03 CBOs were selected.

The USDA implemented the “A drug free settlement” programme in 17 selected underserved urban settlements in the year 2021 to raise awareness in order to prevent the use of drugs amongst communities living

in underserved settlements. A several training programmes in this regard.

In response to the global Covid-19 outbreak, the USDA continued essential relief services and made use of its health programmes to optimize the primary healthcare services with community engagement. Similarly, essential equipment and devices required for persons with disabilities were provided to help them to take care of themselves and special attention was paid to persons with disabilities who had been infected with Covid-19.

Strategic and targeted programmes were conducted to raise awareness on proper disposal of garbage with a view to containing viral diseases, dengue fever and Covid-19 and enlist active participation of people for such endeavours and awareness was also raised on water-borne diseases and the importance of sanitation and hygiene. These programmes helped in training public in the adoption of public health and social practices to control the spread of the pandemic in high risk underserved urban settlements.

OUTCOMES OF SUCCESS 1



In the aftermath of heavy flooding that affected Sri Lanka in June 2021, residents of settlements in the floodplains of the Gampaha District had to undergo immense difficulties. The USDA stepped into provide emergency relief to the affected people of the Gampaha district. 400 families received emergency relief assistance from the USDA.

OUTCOMES OF SUCCESS 2

Awareness was created amongst traders through a host of anti-drug programmes and programmes on other forms of substance abuse organized by the Eagle Youth Society of Madampe, Ratnapura based on 'A drug free settlement' programme on the prevention of drugs. As a result 42 out of 47 boutiques have stopped the sale of cigarettes.



OUTSTANDING RESULTS

- 27 researches on socioeconomic status of 27 selected settlements were conducted for the collection of data.
- Technical assistance and equipment were provided for strengthening CBOs established in 27 settlements.
- 15 programmes were conducted for 770 persons for raising awareness on the adverse impacts on alcohol and other types of drugs.
- Two programmes were conducted for 175 persons suffering from tuberculosis and they were given essential nutrients and encouraged them to take prescribed medicines.
- In partnership with UNICEF Sri Lanka, 03 programmes were conducted 3,290 households in the Colombo and Gampaha districts on prevention and control of Covid-19.
- USDA provided essential health services to 21 MOH offices in the Western Province in order to complement efforts by the government to prevent and contain Covid-19 in underserved urban settlements.
- Ten programmes were conducted to offer essential medical equipment and devices for 47 persons with disabilities in order to make them self-reliant.
- Hearing aids were provided to 0 persons with hearing impairment.
- 17 programmes were conducted for 106 lactating mothers to improve maternal care and make them aware of essential foods for new born babies.
- 5 programmes were conducted on the prevention of dengue fever.
- Emergency relief was provided to 400 persons affected by floods.





**SP I.1: identifying needs
of 27 settlements**



**SP I.1: SP I.2:
Strengthen-
ing CBOs for
ensuring their
sustainability**





SP I.3: Prevention of drugs and substance abuse and rehabilitating drug addicts.



SP I.4: Community health promotion programme



SAUBHAGYA SAVIBALA- Economic Empowerment of community

USDA has conducted 379 programmes in selected areas of the country during the period from 2012 to 2019 with the objective of improving economic wellbeing of communities through self-employment and entrepreneurship.

'Swashakthi' loans were granted at concessionary interest rates to entrepreneurs either to start a new enterprise or to expand existing enterprises. USDA offered the necessary

guidance for small scale enterprises in urban settlements through training programmes.

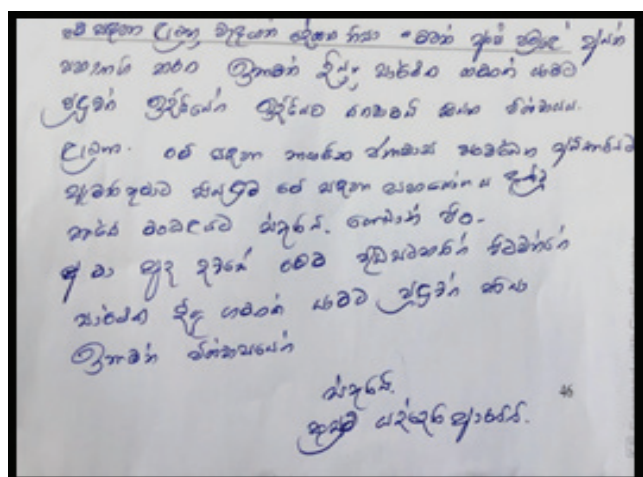
In the year 2021, USDA was involved as a mediator in conducting a food and trade fair to build an entrepreneur and create market opportunities for small and medium scale entrepreneurs.

OUTCOMES OF SUCCESS 3:



As part of the programme for uplifting economic wellbeing of communities of urban underserved settlements, USDA pursues action to broaden their knowledge on entrepreneurship development for a sustainable income and upgrading skills of new and existing micro/small scale entrepreneurs.

During the year, 14 entrepreneurial development training programmes were conducted for 628 entrepreneurs from the Trincomalee, Gampaha, Colombo, Galle, Kurunegala, Matara, Nuwaraeliya, Ratnapura and Kegalle districts to upgrade their skills.



OUTCOMES OF SUCCESS 4:



The spread of COVID-19 virus had a greater impact on localities with lower socioeconomic development especially for people living in urban underserved settlements. Due to the highly infectious nature of the virus, self employed persons had to encounter numerous difficulties as they did not have a way of selling their products. Under sub-programme 2.2 of the human development programme, a mobile cart was



provided to Mrs, Daya Malika residing at Ragama sell her products, i.e. fruit juice and rice packets at the Mahabage junction. This enabled the beneficiary to have a specific place to sell her products and to better display her products to attract more consumers.

OUTSTANDING RESULTS

- 628 new and existing entrepreneurs were created with training and awareness in new products, services, markets, technologies as well as the adoption of new production methods.
- 14 workshops were conducted for developing skills of micro/small scale entrepreneurs from underserved urban settlements through entrepreneurship.
- Market opportunities were created for 254 entrepreneurs.
- Loans were granted to 16 entrepreneurs under 'Swashakthi' loan scheme.
- Mobile carts were provided to 20 entrepreneurs to sell their products
- 10 food and trade exhibitions were conducted for micro, small and medium scale entrepreneurs to exhibit their products for a better market exposure.



SS 2.2: Granting financial aid and equipment for new and existing small scale entrepreneurs





SS 2.1: Conducting training programmes & workshops aimed at promoting small scale entrepreneurs



SS 2.3: Introducing new markets for small scale entrepreneurs



SAUBHAGYA NENABALA– Programme for educational empowerment

USDA has been involved in conducting vocational training programmes for young men and women of Sri Lanka in the years 2015, 2016 & 2017 and the number of young people between the ages of 18 to 30 who thus received training was 332.

USDA lent support to establish youth societies and children's societies in selected localities in the year 2021 by offering guidance and direction for the communities living in urban settlements to participate in the development process. The number of registered youth societies and children's societies has seen a gradual increase during the past few years and USDA has been a pillar of support for more vulnerable children and youth in selected target localities by encouraging them to form youth societies and children's societies in partnership with the CBOs.

.In the year 2021, USDA has supported 571 children of low income families who could not afford school equipment by providing them with essential school equipment and books. The total number of children's societies registered under the 'Swashakthi'

Human Development Programme by the year 2021 was 29.

During the period of Covid-19 triggered lockdown where school remained closed, children worldwide faced a learning crisis. USDA introduced innovative methods to ensure continuation of education of children through virtual tuition classes during lockdowns. With the objective of promoting Information Technology knowledge of underprivileged schools, IT equipment and resource centres were provided 6 selected schools in 4 districts.

Programmes covering career guidance, vocational training and leadership skills development as well community responsibility including HIV/AIDS awareness and social harmony, reproductive health and the dangers of alcohol and drug consumption were conducted by the USDA and 583 training opportunities were made available by the Authority for building career aspirations, development of youth skills and vocational training.

OUTCOMES OF SUCCESS 5:

A children's society named "Kelani Kekulu" was formed at the Kelani River reservation settlement for the first time under the "Swashakthi" Human Development Programme. Currently 35 children hold membership of the society.



At the award ceremony for community leaders held in the year 2021, the children of this children's society presented a creative dance item for the song "Udawediya Male". It was the first opportunity that these had to showcase their talents on a public stage. They were also accorded opportunity to perform at the World Habitat Day Awards Ceremony of the year 2021. The opportunity for these children from an underserved settlement to exhibit their aesthetic talents was a great achievement for them.

OUTSTANDING RESULTS

- Support was extended to 06 children from urban underserved low income families who had left the school to continue their education.
- 06 resource centres were established in schools at urban underserved settlements in 04 districts.
- 26 virtual and physical workshops were conducted on skills development and vocational training..
- 243 items of school equipment were distributed amongst 05 preschools.
- 04 libraries were established in 04 settlements.
- Essential school materials and equipment were provided to 571 schoolchildren to help them to continue their primary education.
- 10 online programmes were conducted during the period of Covid-19 lockdown for several subjects..
- Through 14 children's societies established/strengthened, opportunities were provided for mutually impact the development of community and interaction, innovation and participation.
- Access was provided to 1223 young persons for vocational training and skills development.



SN 3.1: Implementing development programmes for youth and children



SN 3.2: Establishing resource centres for underprivileged schools



SN 3.3: Conducting workshops on skills development and vocational training

SAUBHAGYA DIVIWARUNA- Programme for Religious and Cultural Empowerment

In the year 2021, USDA implemented multicultural and multi-religious programmes amongst urban underserved communities facilitating the organization of multicultural and multi-religious activities for 1,380 families for the promotion of social coexistence among diverse communities. During the year 2021, 446 children from selected settlements were guided towards Dhamma School education and were provided with essential equipment. During the Covid-19 pandemic period, 628 children of urban settlement with aesthetic skills were supported to hone their skills further.

As a result of the Covid-19 pandemic, people living in urban underserved settlements had to undergo many difficulties. One of the worst affected groups was pregnant mothers. Therefore USDA conducted 12 counseling programmes and extended psychosocial assistance to 560 community members including pregnant mothers with the objective of dispelling their loneliness, stress and anxiety. With the support of the office of World Health Organization in Sri Lanka, a training programme was conducted for 30 staff members of the Authority.

OUTCOMES OF SUCCESS: 6

USDA continued to strengthen maternity and newborn care in the wake of the Covid-19 pandemic by supporting programmes for expectant mothers focusing on psychosocial health service facilities. Under the 'Saubhagya Diviwaruna' programme, awareness programmes aimed at wellbeing of pregnant mothers of 27 underserved urban settlements in 16 districts were conducted using zoom technology.

"This is one of the best programmes conducted during the lockdown"

D.M.D.Tharangani, Medawachchiya

"We learnt a lot from this programme",

Ralajayapura, Rathgama, Galle

OUTSTANDING RESULTS

- Multi religious programmes were conducted with the participation of 752 families for enriching ethnic collectivity among communities.
- 446 children were guided towards Dhamma School education and were provided with essential equipment
- 17 multi-religious programmes were conducted with sessions to promote social harmony among different communities.
- 13 multicultural events were held with the participation of 628 persons to promote and encourage creativity and aesthetic skills.
- With the support of the office of the World Health Organization in Sri Lanka, knowledge on psychosocial health and mental health assistance was given to 560 low income persons in urban underserved settlements.
- In collaboration with country office of WHO, 12 counseling and psychosocial support programmes were conducted.



SD 4.1: Programme with multicultural and multi-religious activities



SD 4.2: Conducting psychosocial support programme

2021

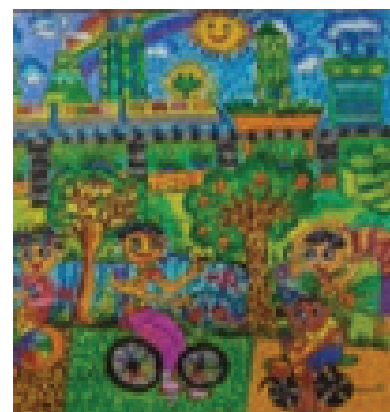
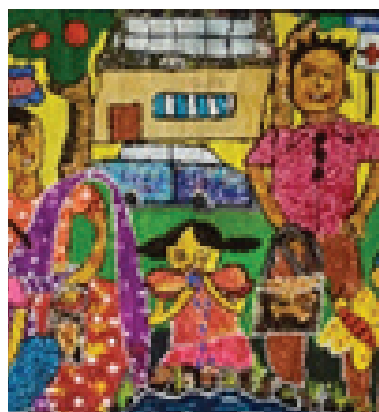
Conducting programmes parallel to World Habitat Day



World Habitat Day is marked on the first Monday of October each year and is recognized by the United Nations to reflect on the state of human settlements, and on the basic right of all to adequate shelter. This year's World Habitat Day was celebrated on Monday the 04th October 2021. USDA embarked on activities centered on urban underserved communities in 25 districts of the island on the theme of this year's World Habitat Day 'Accelerating urban action for a carbon-

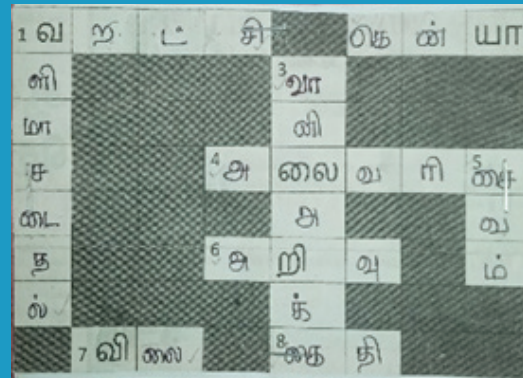
free world.' Three major events had been organized to mark 2021 World Habitat Day.

- I. Children's arts competition. (Three age groups 6-9 years, 10-14 years and 15-18 years)
- II. Open quiz competition
- III. Trade exhibition for micro/small/medium scale entrepreneurs



OUTSTANDING RESULTS

- More than 3,000 drawings were received for the arts competition.
- 9 winners were selected from each category for further encouraging artistic skills.
- 74 micro/small scale entrepreneurs participated in the food and trade exhibition.
- 6 micro/small/medium scale entrepreneurs of food and trade categories were selected as winners and cash gifts were awarded.



ESTABLISHING AN INTERNAL FUND IN THE USDA

2021 Achievements during the year

Another victory achieved in the year 2021 was the establishment of the internal fund of the USDA resolving a problematic issue that should have been addressed several years ago.

As an initial step towards this end, a committee was established as regards the Internal Fund in terms of section 16 of Part II of the USDA Act and an internal financial policy for the Authority was formulated.

Subsequently, queries were made by the Public Finance Department about the internal fund of the Authority and in response to such queries an explanation was sought from the Legal Affairs Department of the Ministry of Finance and pursuant to the observations of the Legal Affairs Department, a fund was established for the USDA in terms of the provisions of the USDA Act, No. 36 of 2008 with the approval of the Public Finance Department.

Surveys conducted by the Urban Settlement Development Authority

There are many projects implemented, being implemented and proposed to be implemented by the USDA geared towards physical development and human development of communities of underserved urban settlements identified as per the areas of authority declared by the Authority.

Therefore in order to carry out these



development projects in a more broad-based manner, the findings of the socioeconomic survey relevant to the urban underserved settlement development project implemented by the USDA at the national level by Divisional Secretary Divisions have been received from 208 Divisional Secretariats as at 31.12.2021 which as a percentage was 96%.

Island-wide housing and socioeconomic survey

At this island-wide survey, housing units were categorized into 6 groups as shanties, slums, line houses, non-standardized scattered houses, houses in highly vulnerable areas and other houses

according to the nature of the low income housing units. Accordingly, as per the data received by USDA from Divisional Secretariats, the percentage of line houses was 29% and other housing units constituted 27%. The percentage of non-standardized scattered houses, houses in highly vulnerable areas

and shanties respectively was 18%, 12% and 12% and the percentage of slum dwellings was only 2%.

Further, based on the information regarding lands received from the Divisional Secretary Divisions, it is being explored whether there are suitable lands for the housing projects proposed to be implemented by the USDA in

future and the land allocated for the “Welisara Heights” middle income housing project launched by USDA too was an outcome of this island-wide survey.

. In addition, a database management system was devised as a means of storing all data received by USDA as a result of this survey.

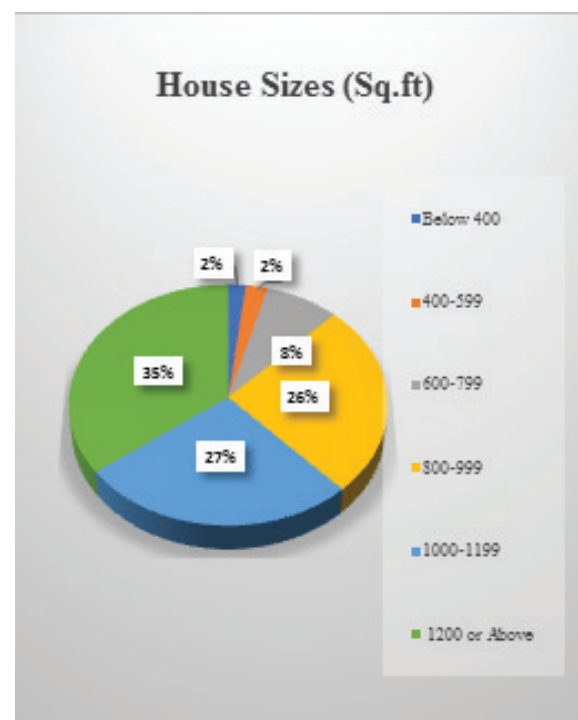
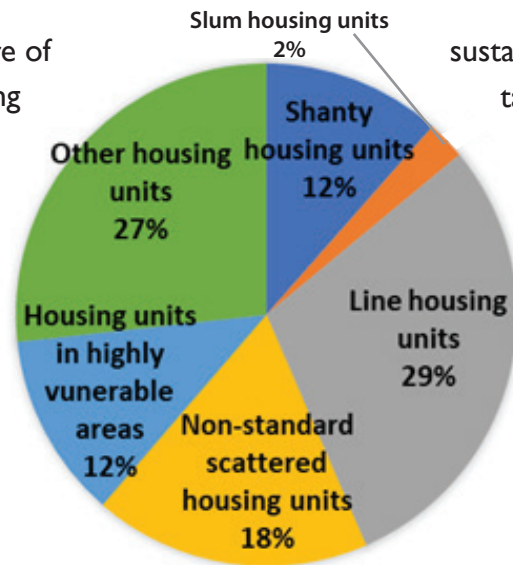
Condominium housing survey

Condominium housing is a crucial component of integrated city planning which is a widely recognized concept for

sustainable urbanization. It should take place within a sustainable framework that brings economic benefits and it creates a proper balance between urban society and environmental requirements.

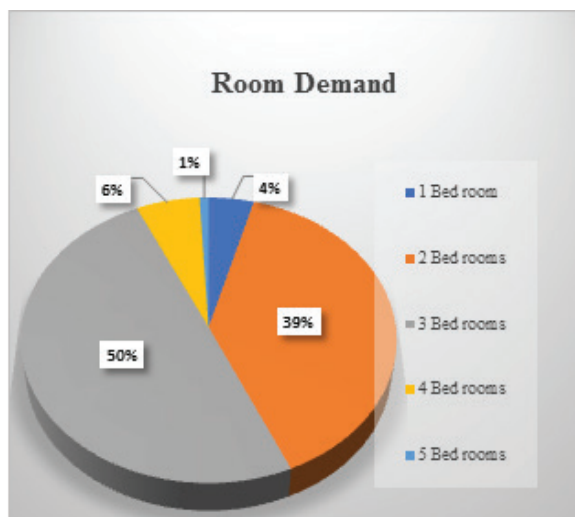
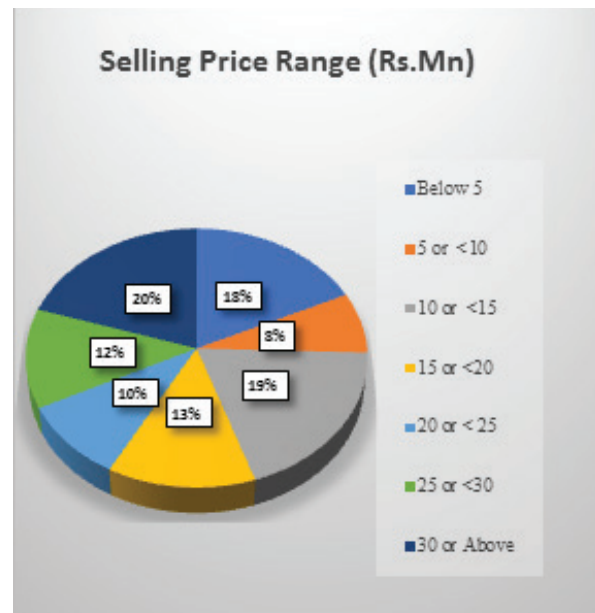
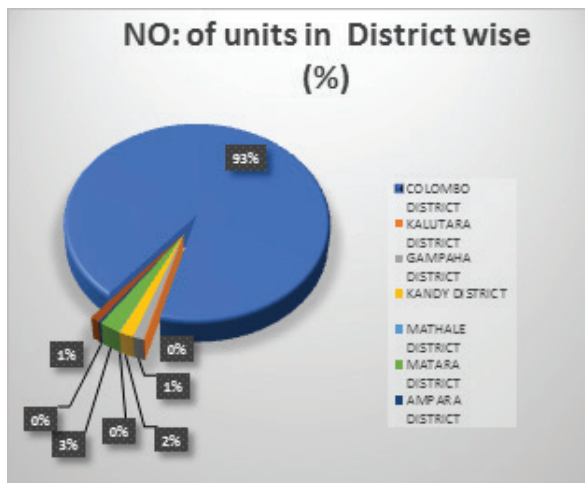
The intervention of the private sector in the condominium housing sector is prominent in the provision of housing facilities and it is essential to provide facilities to buyers as well as developers for the advancement of condominium housing sector.

This condominium survey was conducted by the Planning and Monitoring Division of the USDA to gather information about condominium housing projects of which construction is being carried out or completed by developers of the public and private sectors.



In conducting this survey, data was collected island-wide from 173 developers of the public and private sectors and the questionnaire for gathering data was prepared in 03 components using multimode communication methods. The three components are 01. gathering preliminary information 02. features of housing projects 03. provision of benefits to buyers.

According to the data so gathered, 93% of housing projects are located in the Colombo District and 66% of them have 13 to 62 housing units. The price of a housing units ranges between Rs 11 -15 million and 24% of property developers have made available bank loan facilities for making payments for housing units.



HUMAN RESOURCES DEVELOPMENT & INSTITUTIONAL MANAGEMENT

Training programmes implemented up to 31.12.2021

Course	Name of the Institution	Course duration	Division	No. of officers participated
Leaders for Tomorrow	Skills Development Fund	One-day workshop	Media Division & recovery Division	03
Advanced Microsoft Excel Training for Data Analysis	Skills Development Fund	3 days	Media Division, Chairman's Office and Planning & Monitoring Division	04
Preparation of salaries of public officers	National Institute of Labour Studies	One-day workshop	Planning & Monitoring Division	02
Filing	National Institute of Labour Studies	One-day workshop	Accounting Division	07
Leadership qualities to be developed for the success of the professional life	National Institute of Plantation Management	One-day workshop	Administration Division	04
Meeting management techniques	National Institute of Plantation Management	One-day workshop	Middle Class Housing Project Unit, Media Division & Recovery Division	03
Energy Management in High- rise Building	ICTAD	One-day workshop	Middle Class Housing Project Unit & Media Division	07
Sustainability of Standard Bidding Documents, Procurement Guidelines		One-day workshop	Engineering Division and Middle Class Housing Project Unit	07
Manual 2006 to avoid delays issues and constraints in Construction Contract Administration	ICTAD		Engineering Division and Middle Class Housing Project Unit	

1. Leaders for tomorrow

The 'Leaders for Tomorrow' training programme conducted by the Skills Development Fund was a one-day training workshop conducted online.

This programme was held on 22 September 2021 and three officers from our Authority including two from the Media Division

and one from the Recovery Division participated.

The objective of this training programme was to provide sound understanding on leadership role, leadership in the face of challenges, productive thinking and office ethics, personality development and time management. Accordingly, offering guidance

to improve employee personality and broaden knowledge and skills required for the self-development of leadership qualities to successfully deal with challenges was the main reason for referring officers to the above training.

2. Advanced Microsoft Excel Training for Data Analysis:

Subject knowledge and technical knowhow are indispensable qualities for the efficient delivery of services. Therefore, getting officers to participate in training programmes required for improving the subject knowledge and technical knowhow of the staff is immensely helpful in achieving the broader objectives of our authority.

With this objective to the fore, two officers from the Media Division and one officer each from the Chairman's Office and Planning and M.I.S' Division making a total of four participated in the Advanced Microsoft Excel Training for Data Analysis training programme organized by the Skills Development Fund for updating knowledge on data analysis and the use of Microsoft Excel software and providing new knowledge.

3. Preparing salaries of Public Officers

The salary to be received for the service rendered is foremost in the mind of any employee. This is true for any sector, whether public or private. The payment of salaries of public sector officers is subject to a formal process and legal framework.

With a view to providing this knowledge to public officers, the National Institute

of Labour Studies conducted an online training programme on the preparation of salaries of public officers on 16 September 2021 and two officers of the Accounting Division of our Authority participated in it.

The key objective of this training programme was to deepen the understanding on salaries and salary structure of public officers, methods of paying and rejecting annual salary increments, salary conversion and acting basis salaries and allowances.

4. Filing

Proper maintenance and update of duty related official documents of an institution is an important establishments function. Therefore the knowledge of maintaining files for each subject and maintaining files in an organized and orderly manner is essential for an employee.

Accordingly, 07 officers who have been newly appointed to the Administration Division which is a division performing a significant role in the institution were referred to the training programme on filing conducted by National Institute of Labour Studies on 06.10.2021.

The programme imparted knowledge on important matters requires attention in filing, features of a correct filing system, usefulness of a file maintained properly, classification of files, preparation of letters and writing notes

5. Leadership qualities to be developed for the success of the professional life

The capacity for leadership is deemed to be an essential quality indispensable for every public officer. In order to achieve professional success, the contribution of this quality is really significant.

Ability to manage conflicts under whatever circumstances that could arise at the institutional level act in such manner without personality damage is inculcated through leadership training. Therefore, steps were taken to have 01 officer from the Middle Class Housing Project and 02 officers from the Media Division and 01 officer from the Recovery Division of out Authority participated in the training programme on 'Leadership qualities to be developed for the success of the professionals' organized by the National Institute of Plantation Management on 17.08.2021.

6. Meeting management techniques

Ability to manage personnel and meetings is an essential quality that any public sector officer should be equipped with. The foremost objective of the public sector is to deliver an efficient service for the general public. As an institution engaged in developing urban settlements, one of the prime duties of our institution is socially interact with people. Hence it is axiomatic that the officers being knowledgeable about meeting management makes a crucial contribution in achieving institutional objectives.

The National Institute of Plantation Management conducted a training workshop on 'Meeting Management

Techniques' on 12.08.2021 and necessary steps were taken to have one officer from the Middle Class Housing Project Unit and two officers from the Media Division participated in the workshop.

- i) Energy Management in High- rise Building
- ii) Sustainability of Standard Bidding Documents, Procurement Guidelines

Manual 2006 to avoid delays issues and constraints in Construction Contract Administration

The two above programmes were organized with a view to providing technical knowhow relevant to the construction sector. The training workshop on 'Energy Management in High- rise Building' was held on 28.09.2021 and the training workshop on 'Sustainability of Standard Bidding Documents, Procurement Guidelines' was held on 30.09.2021. Seven (07) officers from the Engineering Division and Middle Class Housing Project Unit participated in this programme. Equipping these officers with technical knowhow relevant to the above fields will be of immense help in ensuring success of activities of the Authority.

Grading of employees

Grades which could not be given to officers of the Authority for a period of 13 years were given to the officers in the year 2021.

Accordingly action was taken to grade the staff of the USDA in accordance with their period of service. This has done an

assessment of the period of service of the staff which served in REAL Company and Urban Settlement Promotion Programme and the staff originally recruited to the USDA. This created an office environment where officers could discharge their duties with satisfaction.

Introduction of quarterly evaluation of employees

Instead of annual appraisal of employees' performance, a system was introduced to

carry out quarterly appraisals and base the annual evaluation on the basis of these quarterly evaluations. This enabled the identification of areas to be developed in respect of each employee within a quarter and provide necessary training accordingly and bring about attitudinal changes.

ESTABLISHING A NEW RECOVERY DIVISION FOR THE AUTHORITY

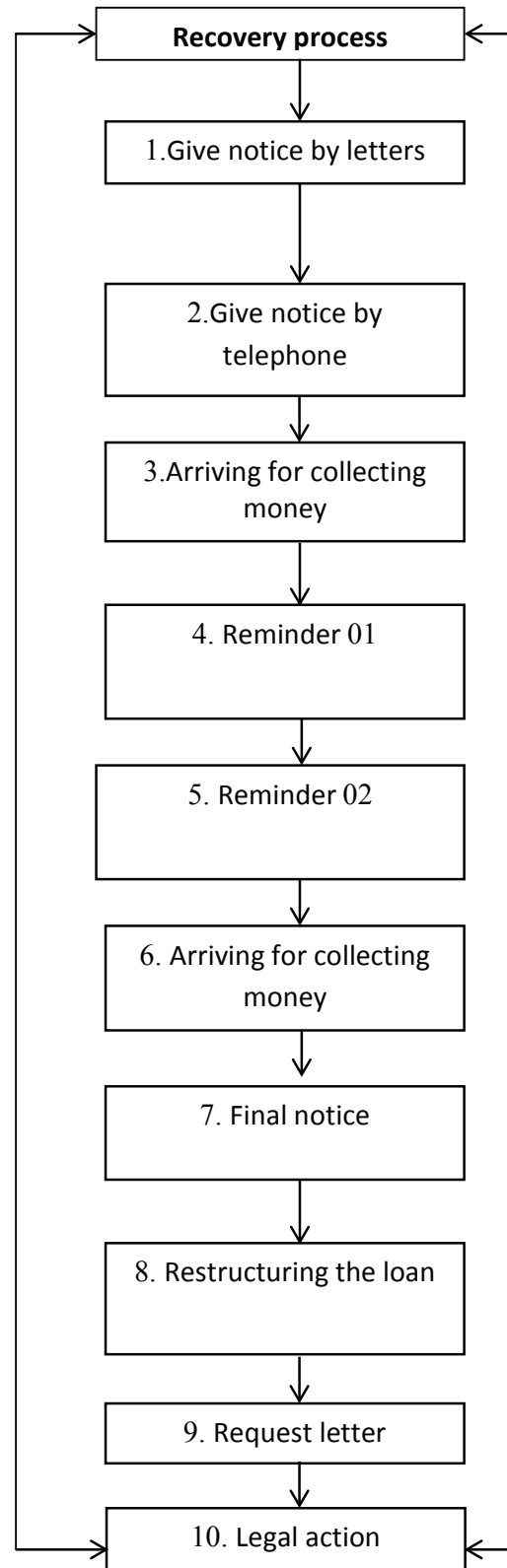
The group established by selecting employees from different divisions of the USDA was engaged in the loan recovery process until the end of the year 2020. With the objective of strengthening the loan recovery process of the institution, the need for having a dedicated unit for that purpose was badly felt. The result was the establishment of the Loan Recovery Unit. Currently it is manned by 11 employees who have been selected from different divisions of the Authority.

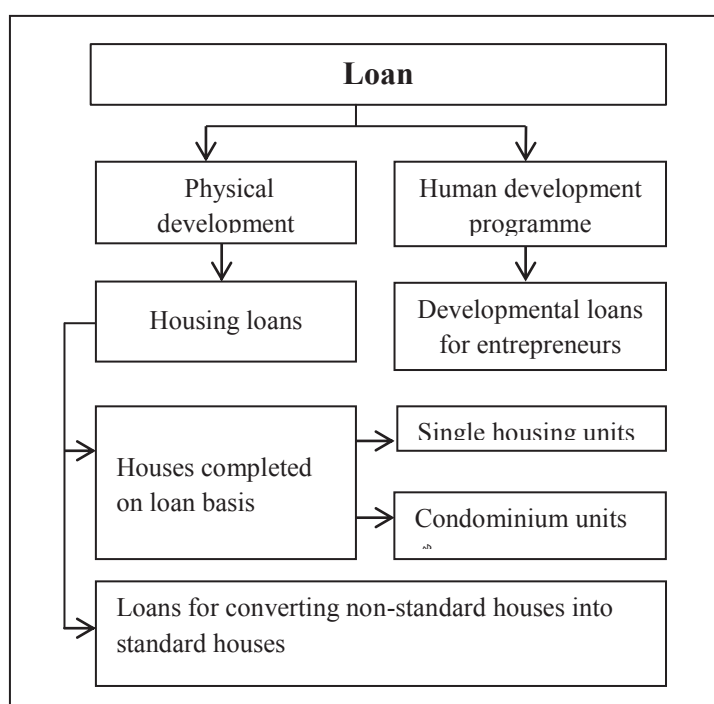
The operational mechanism of the Recovery Division is a continuous process with 10 steps. It is primarily connected to the Legal Division and the Land and Property Management Division.

In the loan recovery process, the non-legal measures are adopted at the beginning and legal measures are employed subsequently..

The loan profile of the Authority comprises of two types of loans as loans granted to urban community with housing requirements (housing loans) and loans for entrepreneurs (entrepreneurship development loans). The housing loan scheme consists of two major loan categories. One of which is the houses completed on loan basis and the other is the loans granted for converting non standard houses into standard houses.

Currently, the loan profile comprises 1,078 housing loans and 732 entrepreneurship





development loans. As per the projects lineup 2,000 more loans would be added to the loan profile.

Online loan recovery method within the Enterprise Resource Planning System

Under the guidance of the Information & Communication Technology Agency (ICTA), it was decided to introduce an online loan recovery system together with the Enterprise Resource Planning (ERP) System proposed by the management of USDA for improving the loan recovery possibility through an online system instead of the existing manual system, making use of “work from home” concept, and methods

such as “virtual office” and “remote work” during periods of vulnerability (such as Covid-19 pandemic situation) and improving access for the relevant stakeholders for details of loans.

Discussions were initially held with ICTA to ensure compliance with the regulations of the National Digital Initiative launched by the government. After conducting a feasibility study, instructions given by ICTA to obtain suitable software solutions and the procurement process is currently underway.

ESTABLISHING A NEW TRANSPORT & MAINTENANCE DIVISION FOR THE AUTHORITY

The Administration Division of the USDA was restructured as Administration (Human Resources Development) Division and Administration (Transport and Maintenance) Division with the objective of devising a systematic administrative system guiding its duties and functions for the advancement and realization of the objective of the Authority and improving its efficiency.

The provision of transport facilities and carrying out maintenance activities for the successful and speedy execution of all these activities are the responsibilities of the Administration (Transport and Maintenance) Division.

This structure comprises three officers including Deputy Director (Transport & Maintenance) and ten drivers. The Transport & Maintenance Division of the USDA has a fleet of 10 vehicles of which 06 belong to the Authority and 04 obtained on lease basis. Of these 10 vehicles, 05 have been deployed for the provision of transport facilities to staff officers and the remaining 05 vehicles are used for covering duties of all other divisions.

Demonstrating the success of this Division established for regularizing transport and maintenance activities of the Authority, a new application form system was introduced replacing the previously used vehicle application form of the Authority with a view to carrying out transport and maintenance activities of the Authority speedily and efficiently.



This Division also introduced a formal system for the use of hired vehicles in situations where the provision of transport facilities cannot be managed for human development activities carried out in 16 districts by the Authority for uplifting urban low income people and for other administrative functions.

Similarly, a separate petty cash imprest was secured for the functions of the Transport and Maintenance Division and a new application too was introduced for that purpose.

The establishment of this division enabled the execution of duties with convenience and transparency employing the aforementioned new methods and the provision of transport facilities efficiently and more effectively for all programmes initiated by the Authority and the carrying out of maintenance activities of other divisions.

ESTABLISHING A NEW INFORMATION TECHNOLOGY AND MEDIA DIVISION FOR THE AUTHORITY

This division was established with the objective of providing rapid access to the people about programmes implemented by the USDA for the benefit of diverse communities and for realizing the objectives of the Authority and building and maintaining a more efficient and updated information technology system in the institution and it is staffed by a Divisional Head and three officers. The objectives and functions of this division are as follows.

I. Objectives of establishing IT & Media Unit

I.1 Objectives (Media Unit)

- 1) Organizing information and lining up attractively for speedy dissemination to the public.
- 2) Creating awareness on all nationally important development projects and other special projects implemented by USDA.
- 3) Making people aware of special projects and activities carried out by other public sector institutions, non-governmental organizations and community organizations with relevance to the functions of USDA.

- 4) Building a media and IT culture in such manner to disseminate accurate data and information within the institution.
- 5) Developing physical and human resources within the institution and the unit for the implementation of the above activities.

I.2 Objectives (Information Technology)

- 1) Building and maintaining a more efficient and updated IT database within the institution.
- 2) Building an information system so as to coordinate all divisions of the institution.
- 3) Improving and updating IT knowledge of the internal staff of the institution.
- 4) Conducting all operational activities of the institution through IT and establishing a culture on the use of IT.

Activities are carried out systematically by this Division using modern technology and the Division has contributed to circulate information on national programmes implemented by the Authority speedily to the general public.

MONTHLY DHAMMA SERMON PROGRAMME

On the day before the Full Moon Poya Day of every month, a Buddhist prelate is conducted to the Authority premises for the delivery of a Dhamma sermon to ease the stress of the staff of USDA caused by their busy duty schedule and enrich them spiritually.

The Dhamma sermon is organized by different divisions of the Authority each month and arrangements have been made for all staff members to listen to the sermon. In addition to spiritual enrichment, this programme also helps to foster cordial relationships between different divisions of the Authority.

The series of monthly Dhamma sermons has been helpful for the officers of the Authority to develop their spirituality for mental wellbeing and take a break from their busy lifestyle.



FILLING VACANCIES FOR MAINTAINING OPTIMAL EFFICIENCY OF THE AUTHORITY

The recruitment of permanent staff for vacancies which remained vacant over a period of time for efficient and effective discharge of duties and functions of USDA took place in the year 2021.

New officers were recruited to fill the following vacant posts in July and December 2021 and action was also taken to grant internal promotions.

#	Post	Vacancies
1	Assistant Director (Lands)	01
2	Assistant Director (Research & Development)	01
3	Development Officer	02
4	Data Processing Assistant	01
5	Planning Assistant (M.I.S.)	01
6	Community Development Assistant	12
7	Technical Assistant	02
8	Social Development Assistant	13
9	Management Assistant (Non-technical)	06

Staff of the USDA as at 31.12.2021

#	Post	Salary group	Approved number		Currently available		Vacancies	Excess
			Perma nent	Contract	Perma nent	Contract		
01	Director General	HM2-1	01	-	01	-	-	-
02	Director (Social Mobilization)	HM1-1	01	-	01	-	-	-
03	Director (Planning & MIS)	HM1-1	01	-	01	-	-	-
04	Director (Finance)	HM1-1	01	-	01	-	-	-
05	Director (Engineering)	HM1-1	01	-	-	-	01	-
06	Internal Auditor	MM1-1	01	-	01	-	-	-
07	Assistant Director (Finance)	MM1-1	01	-	01	-	-	-
08	Assistant Director (Procurement)	MM1-1	01	-	01	-	-	-
09	Assistant Director (Engineering)	MM1-1	01	-	01	-	-	-
10	Assistant Director (Architectural)	MM1-1	01	-	01	-	-	-
11	Assistant Director (Social Mobilization)	MM1-1	03	-	03	-	-	-
12	Assistant Director (Legal)	MM1-1	01	-	01	-	-	-
13	Assistant Director (Lands)	MM1-1	01	-	-	-	01	-
14	Assistant Director (Research & Development)	MM1-1	01	-	-	-	01	-
15	Assistant Director (Admin)	MM1-1	01	-	01	-	-	-
16	Administration Officer	JM1-1	01	-	01	-	-	-
17	Technical Officer	JM1-1	01	-	01	-	-	-
18	Engineering Assistant	JM1-1	01	-	-	-	01	-
19	Development Officer	MA5-1	08	-	08	-	-	-
20	System Analyst	MA5-1	01	-	01	-	-	-
21	Planning Assistant	MA5-1	01	-	01	-	-	-
22	Data Processing Assistant	MA5-1	01	-	01	-	-	-
23	Planning Assistant (MIS)	MA5-1	01	-	01	-	-	-
24	Planning Assistant (Research)	MA5-1	01	-	01	-	-	-
25	Planning Assistant (Statistics)	MA5-1	01	-	01	-	-	-
26	Legal Assistant	MA3	01	-	01	-	-	-
27	Community Development Assistant	MA3	30	-	21	-	09	-
28	Technical Assistant	MA2-1	13	-	10	-	03	-
29	Draughtsman	MA2-1	01	-	01	-	-	-
30	Programmer	MA2-1	01	-	01	-	-	-
31	Management Assistant (N.T.)	MA1-1	27	-	26	-	01	-
32	Data Entry Operator	MA1-1	02	-	01	-	01	-

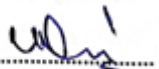
33	Social Development Assistant	MA1-1	20	-	19	-	01	-
34	Driver	PL3	10	-	10	-	-	-
35	Construction Supervision Assistant (Contract)	PL3	-	16	-	-	16	-
36	Karyala Karya Sahayaka	PL1	12	-	10	-	02	-
37	Record Keeper	PL1	01	-	-	-	01	-
38	Storekeeper Assistant	PL1	01	-	01	-	-	-
39	Circuit Bungalow Keeper/Watcher (Contract)		-	-	-	-	-	01
	Total		153	16	131	0	38	01
For the proposed Middle Income Housing Project								
40	Director (Middle Income Housing Project)	-	-	01	-	-	01	-
41	Deputy/ Assistant Director (Contract Administration)	-	-	01	-	-	01	-
42	Quantity Surveyor	-	-	01	-	01	-	-
43	Technical Officer (Town Planner)	-	-	02	-	-	02	-
44	Junior Quantity Surveyor	-	-	02	-	-	02	-
45	Land Officer	-	-	01	-	-	01	-
46	Technical Officer (Draughtsman)	-	-	01	-	-	01	-
47	Additional Director (Technical)	-	-	01	-	-	01	-
48	Architect	-	-	01	-	-	01	-
49	Engineering (Civil/ Electrical /Services)	-	-	02	-	-	02	-
	Total		-	13	-	01	12	-
	Grand Total		153	29	131	01	50	01

URBAN SETTLEMENT DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
ASSETS		Rs.	Rs.
Current Assets			
Cash and Bank balance	01	56,179,922.48	48,644,361.79
Advance	02	322,086.32	56,050.50
Festival Advance		33,750.00	20,000.00
Fuel Advance		354,980.00	354,980.00
Staff Housing Loan		1,935,848.55	4,991,778.08
Staff Distress Loan		8,740,266.91	12,096,737.39
Welfare Loan		10,000.00	10,000.00
Study Loan		125,383.77	187,375.17
Receivables from UDA		207,331,767.00	207,331,767.00
Scattered Loan next year Receivable		6,047,908.85	6,472,020.26
Receivable Accounts	03	442,935,419.06	178,386,457.28
Construction advance	04	1,323,113.95	3,470,278.62
Mobile cart stock		41,000.00	
Stock for Resource Center	05	687,105.50	687,105.50
Chilaw Housing Stock		25,804,236.85	25,804,236.85
Thalawakalle Housing Stock(8 Units)		10,280,321.40	11,565,361.57
Thuruithurugama(A'pura) Housing Stock (3 Units)		2,451,601.27	2,451,601.27
48 Wattha Housing Stock (15 Units)		36,625,000.00	36,625,000.00
Sahaspura commercial Units		44,777,000.00	-
Lunawa Housing Units Stock(180 Units)		651,016,306.14	-
Lunawa Housing Project Stock	06	94,611,202.05	-
		1,591,634,220.10	539,155,111.28
Investments	07	916,500,000.00	-
Non-Current Assets			
Loan Stock (Debtors)	08	429,042,347.01	452,413,775.47
Work-in Progress	09	13,221,994.17	1,275,884,524.44
Property Plant and Equipment	10	51,107,430.91	63,229,215.42

Intangible Assets			
Accounting Software		500,000.00	500,000.00
		493,871,772.09	1,792,027,515.33
Total Assets		3,002,005,992.19	2,331,182,626.61
LIABILITIES			
Current Liabilities			
Accrued expenses	11	112,830,040.83	37,588,544.50
Management Corporation Fund - Angulana		30,000.00	-
Management Corporation Fund -Lunawa		21,900,000.00	
Management Corporation Fund -Singhapura		2,671,854.45	
Management Corporation Fund - Wadulawatta		1,780,000.00	
Collection on Angulana water Bill		-	-
Retention money	12	305,822.60	1,344,641.65
Reel- Creditors Balance		-	7,107,859.84
Scattered Loan - Prepayment Receipt		-	141,957.79
Thuruithurugama - prepayment Receipt		-	181,902.50
Thalawakalle prepayment Receipt		15,000.00	
Sahaspura Prepayment Receipt		-	12,794.39
Chilaw Prepayment Receipt		86,346.28	76,224.14
Hambanthota sanitation improvement Programme		4,514,970.13	4,514,970.13
Lunawa Down Payment Recovery		140,605,000.00	
Refundable Deposit Tender		10,000.00	
Differed income Grant (Lunawa)		751,106,192.09	
Payable to Tresuary		125,016,000.00	
		1,160,871,226.38	50,968,894.94
Non-Current Liabilities			
Provision for Gratuity		25,147,323.00	21,332,285.50
Distress Loan Fund Provision		15,000,000.00	5,694,754.65
		40,147,323.00	27,027,040.15

Total Liabilities		1,201,018,549.38	77,995,935.09
NET ASSETS		1,800,987,442.81	2,253,186,691.52
Equities and Reserves			
Treasury Grant	13	716,109,824.18	1,993,016,243.85
Capital Grant on Fixed Assets	14	5,745,875.31	5,300,102.84
Treasury Grant HRD Capital		6,285,000.00	6,285,000.00
Consolidated Fund		6,641,977.00	6,641,977.00
Government Grant	15	108,034,839.91	68,332,962.51
Revenue Reserve		36,625,000.00	36,625,000.00
Revaluation Reserve		39,259,145.55	39,318,995.55
		918,701,661.95	2,155,520,281.75
Balance Income (Expenditure)		97,666,409.77	95,495,953.88
Excess over Income/Expenditure for the Period		784,619,371.09	2,170,455.89
		882,285,780.86	97,666,409.77
Total Equity		1,800,987,442.81	2,253,186,691.52


 Director Finance
 U.S.D.A


 Director General
 U.S.D.A


 Chairman
 U.S.D.A


 Board of Director
 U.S.D.A

The accounting policies on pages 02 to 05 and Notes on 01 to 17 form an integral part of these financial statements. The Board of Director is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

URBAN SETTLEMENT DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
Revenue		Rs.	Rs.
Treasury Grant -Recurrent		155,000,000.00	
Treasury Grant-HRD		26,980,000.00	128,999,635.00
Differed Income on FA		3,233,180.83	11,000,000.00
Interest Income	16	22,129,237.43	3,371,876.55
Other Income	17	5,736,455.95	7,087,416.94
Income From Lunawa HP		766,350,947.45	3,013,726.22
Profit on vehicle disposal		14,597,164.70	-
Treasury Grant - Horana HP		8,804,705.87	-
			-
Total Revenue		1,002,831,692.23	
Expenses			153,472,654.71
Administrative Expenses			
Salary		73,917,036.47	
Over Time Payment		4,867,094.11	66,720,994.31
Other Allowances		1,793,050.00	2,820,715.50
Uniform Allowances		64,500.00	601,096.24
Staff Incentives		1,755,000.00	-
Director Fee		970,000.00	-
Travelling (Domestic)		426,040.57	461,000.00
Travelling (Foreign)		-	479,134.91
Stationery		5,135,428.19	3,500.00
Fuel & Lubricants		4,046,941.99	4,748,851.91
Welfare		1,135,732.00	2,596,096.38
News Papers		26,630.00	757,243.36
Stamp		169,302.50	48,330.00
Ceremony Expenses		562,424.75	183,605.00
Bank Charges		2,166.00	-
Telephone Charges		1,300,489.58	-
Office Rent		21,501,385.20	1,784,849.09
Repair & Maintenance - office Equipment		1,356,566.68	14,944,001.46
Repair & Maintenance - Vehicle		3,519,907.48	1,214,405.90
Repair & Maintenance - Furniture		-	2,540,602.62
Repair & Maintenance - Building / Renovations		2,824,239.08	2,000.00

Repair & Maintance - Computer		326,300.00	3,431,457.00
Vehicle Insurance		587,301.61	-
Cleaning Charges		957,744.	599,073.64
Training Expenses			877,932.00
Printing			518,820.00
Advertising			29,300.00
Other Expenses(Supplies)			101,520.00
Other Expenses(Services)			1,114,239.50
Audit Department (Fees)			229,646.00
			1,000,000.00
E.P.F (Employees Provident Fund)			
E.T.F (Employees Trust Fund)			8,567,646.55
E.P.F. (Contract Basic)			1,781,178.77
E.T.F (Contract Basic)			206,101.31
Security			62,539.81
Gratuity			213,500.00
Electricity Charges			1,160,079.00
Water Bill Charges			6,725.52
Loan Recovery Commission			25,189.09
Legal Expenses			153,216.20
Doubtful Debtors			455,555.00
Depreciation	10		1,639,768.52
Lease rental (operational vehicle)			6,944,275.24
Transports			11,333,520.00
Recovery Division Expenditure			16,600.00
Distress loan Fund Provision			-
Accomadation Expences			
Development Expenditure			140,374,309.83
Habitat day Programe			
Swashakthi Human Dev. Programe			4,362,606.28
Angulana Maintenance			6,167,014.14
Anuradhapura Maintenance			-
Sri wickramapura Expenses			8,400.00
Thalawakalle H/P Maintanace			-
Horana Project Expences			389,868.57
Total Expenses			10,927,888.99
Surplus / (Deficit) for the period			151,302,198.82
			2,170,455.89

URBAN SETTLEMENT DEVELOPMENT AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2021

	2021	2020
CASH FLOW FROM OPERATION ACTIVITIES	Rs.	Rs.
Receipts		Rs.
Treasury Grants(Recurrent)		
Department of Cultural Service	155,000,000.00	
Loan from Bank of Ceylon (Festival Advance)		128,999,635.00
Other Income		921,175.00
Savings Interest Income	1,225,608.49	1,490,000.00
Fixed Deposit Interest Income	146,864.27	1,108,698.45
Sale Income on H/Pro.	8,722,329.47	543,060.47
Cash Advances	792,330,000.00	
	321,436.32	45,000.00
Payments	957,746,238.55	2,744.50
Salaries & other allowance		132,105,313.42
OT & Travelling Expenses	90,358,484.07	
Services & Suppliers	4,643,233.08	77,381,515.64
contractual Services	11,463,812.68	3,585,687.32
Maintain Expenses	30,700,702.05	8,502,492.15
Recovery Commission	7,416,166.59	44,030,991.25
Festival Advance		8,125,562.44
Gratuity Payments	65,166.54	230,286.20
	696,980.00	1,490,000.00
Net Cash flow from Operation Activities	145,344,545.01	554,879.50
	812,401,693.54	143,901,414.50
CASH FLOW FROM INVESTMENT ACTIVITIES		(11,796,101.08)
Receipts		
Treasury Grants(HRD & CAPITAL PROJECT)		
Ministry of Housing & Construction	154,996,000.00	
Recovery installment		13,700,000.00
Sale Of Vehicals	10,821,267.62	2,000,000.00
sahasa Deed fees	15,919,907.00	5,818,070.70
Welfare loan recovery	186,000.00	
Distress Loan		29,500.00
USDA Staff Housing loan recovery	6,356,685.06	720,000.00

	3,922,078.15	5,719,437.56
Payments	192,201,937.83	4,196,765.72
Housing Project Expenses		32,183,773.98
Project Maintenance	69,955,186.90	
Fixed Assets Purchases	688,995.00	13,043,883.98
Human Development Programme	7,104,375.91	468,002.67
Distress Loan	22,263,262.87	4,843,464.01
Study Loan	2,250,000.00	7,417,890.96
Angulana Fund Refund	236,250.00	4,747,500.00
Ministry of Housing & Construction		102,500.00
		765,558.87
Net Cash flow from Investment Activities	102,498,070.68	2,000,000.00
CASH FLOW FROM FINANCIAL ACTIVITIES	89,703,867.15	33,388,800.49
Receipts		(200,026.51)
Management Corporation Fund		
	22,342,000.00	
Payments	22,342,000.00	249,500.00
Funds Refund to the Ministry- Horana H/P		249,500.00
Management Corporation Fund		
	412,000.00	364,684.59
Net Cash flow from financial Activities	412,000.00	289,500.00
Net Increase/ (Decrease) in cash & cash equivalents	21,930,000.00	654,184.59
Cash & Cash equivalents at the beginning of the year	924,035,560.69	(404,684.59)
Cash & Cash equivalents at the End of the year	48,644,361.79	(12,400,812.18)
	972,679,922.48	61,045,173.97
		48,644,361.79

Note to the Cash flow Statement

Bank of Ceylon Battaramulla (Recurrent)-:AC No - 0010004252	26,734,169.33
Bank of Ceylon Battaramulla (Capital) -:AC No - 0071295541	13,494,230.95
Bank of Ceylon Battaramulla (Anuradhapura)-:AC No - 0072703594	8,545,761.74
People's Bank (Current A/C)-:A/C No-208100170047578	991,916.05
Savings A/C -:AC No - 0072697157	6,403,752.55
Savings A/C(IPG) -:AC No - BOC 87818698	10,091.86
BOC -Fixed Deposit	903,500,000.00
People's Bank-Fixed Deposit	13,000,000.00
	972,679,922.48

URBAN SETTLEMENT DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2021

Name of Account	Opening Balance		Changes During the Year				Closing Balance (Rs.)	
	2020	2021	2020		2021		2020	2021
			Addition	Deduction	Addition	Deduction		
Initial Capital Ac.	-	-	-	-	-	-	-	-
Consolidated Fund Ac.	12,065,000.00	6,641,977.00	-	5,423,023.00	-	-	6,641,977.00	6,641,977.00
Treasury Grant Ac.	2,028,343,051.71	1,993,016,243.85		35,326,807.86	125,016,000.00	1,401,922,419.67	1,993,016,243.85	716,109,824.18
Government Grant A/C	66,668,000.18	68,332,962.51	3,204,980.34	1,540,018.01	46,380,830.70	6,678,953.30	68,332,962.51	108,034,839.91
Capital Grant on Fixed Assets	4,431,961.38	5,300,102.84	2,700,000.00	1,831,858.54	3,000,000.00	2,554,227.53	5,300,102.84	5,745,875.31
Treasury Grant HRD (Capital)	6,285,000.00	6,285,000.00	-	-	-	-	6,285,000.00	6,285,000.00
Reserved Fund Ac.	34,500,000.00	36,625,000.00	2,125,000.00	-	-	-	36,625,000.00	36,625,000.00
Revalued Reserve	0.00	39,318,995.55	39,318,995.55	-	-	59,850.00	39,318,995.55	39,259,145.55
Accumulated Fund Ac.	95,495,953.88	97,666,409.77	2,170,455.89	-	784,619,371.09	-	97,666,409.77	882,285,780.86
Total	2,247,788,967.15	2,253,186,691.52	49,519,431.78	44,121,707.41	959,016,201.79	1,411,215,450.50	2,253,186,691.52	1,800,987,442.81

Urban Settlement Development Authority
Statement of Financial Position Notes for the year 2021
Cash Book and Bank Balance for the end of 31/12/2021

Note 01

Rs. 2020		Rs. 2020
8,895,287.62	Bank of Ceylon Battaramulla (Recurrent)-:AC No - 0010004252	26,734,169.33
6,891,827.31	Bank of Ceylon Battaramulla (Capital) -:AC No - 0071295541	13,494,230.95
18,113,027.36	Bank of Ceylon Battaramulla (Anuradhapura)-:AC No - 0072703594	8,545,761.74
-	People's Bank (Current A/C)-:A/C No-208100170047578	991,916.05
14,523,411.19	Savings A/C -:AC No - 0072697157	6,403,752.55
220,808.31	Management Corporation Saving -:AC No - 0076710959	-
-	Savings A/C(IPG) -:AC No - BOC 87818698	10,091.86
48,644,361.79		56,179,922.48

Urban Settlement Development Authority Advance

Note 02

Rs. 2020		Rs. 2020
	Advance on Operational Activities	
12,500.00	Mr. Prabash Karunathilaka	-
-	Mrs.A.PM Pushpa	68,820.32
-	Mr.Pathum Senevirathna	20,000.00
-	Ms.Iresha Dharshani	21,915.00
-	Mr.R.A Susantha	124,720.00
-	Sujith Kumara	43,638.00
-	Asha Dilrukshi	17,500.00
10,000.00	Roshan Aganpodi	-
12,800.50	M.D.U Korala	-
20,000.00	T.D.P Rajapaksha	-
-	Nandana Premasara	24,743.00
55,300.50		321,336.32
750.00	Petty Cash	750.00
56,050.50		322,086.32

Urban Settlement Development Authority Receivables

Note 03

Rs. 2020		Rs. 2020
40,961,488.22	Receivable installments- Scattered	45,024,857.04
8,930,688.65	Loan - Swashakthi Receivable	10,083,517.87
5,548,655.66	Thuruithurugama Housing Scheme- Receivable	4,348,553.16
3,539,770.00	Recivable Installment- Sewing Machine	3,476,644.00
60,598,557.00	Recivable Installment- Angulana Installment	71,575,935.00
282,706.52	Recivable Installment- Angulana Sold House Installment	342,541.14
3,182,000.00	Sinhapura Rent Receivables	3,877,000.00
11,230,695.62	Recivable Installment- Rajgama H/P	14,861,101.42
7,166.41	Chilaw Receivable	16,446.37
-	Sevena Fund	-
29,851,676.97	Receivable Wadullawattha	31,206,760.89
928,829.37	Receivable Sahaspura Relocation	750,597.97
11,179,694.38	Receivable Sahaspura Sold	11,490,092.31
7,808,556.33	Receivable Sinhapura	8,040,597.78
918,915.50	Thalawakalle relocation receivable	875,230.50
587,308.80	Thalawakalle Sold house receivable	799,540.40
185,556,709.43		206,769,415.85
(9,277,835.47)	Provision for Doubtful Debtors	(10,338,470.79)
176,278,873.96		196,430,945.06
	Lunawa middle H/P income receivable	238,315,000.00
1,241,567.01	Recivable Installment- USDA Staff Loan	585,107.15
615,298.01	Recivable Installment- Distress Loan	305,012.31
2,011.97	NHDA Receivable Ac.	2,011.97
	Receivable FD Intrest	7,265,926.03
	BOC Festival advance	31,416.54
248,706.33	Portcity Receivable	-
178,386,457.28		442,935,419.06

Urban Settlement Development Authority Construction Advance for the Year

Note 04

Rs. 2020		Rs. 2020
-	Agulana Housing Scheme	
2,260,419.98	Angulana Com. Hall Construction Advance	1,323,113.95
23,822.00	Resource Center Advance	-
1,186,036.64	Sri Wimalasiri pre school advance to SD&CC	(0.00)
<u>3,470,278.62</u>		<u>1,323,113.95</u>

Urban Settlement Development Authority Stock for Resource Center

Note 05

Rs. 2020		Rs. 2020
332,549.00	Furniture	332,549.00
60,562.50	Plastic Chairs	60,562.50
293,994.00	Computers	293,994.00
<u>687,105.50</u>		<u>687,105.50</u>

Urban Settlement Development Authority Lunawa Housing Project Stock

Note 06

Rs. 2020		Rs. 2020
	Commercial Units	55,692,706.88
	Multipurpose Area	15,692,727.41
	Community Hall	13,158,750.74
	Day care Centre	5,094,513.19
	Pre school	4,972,503.83
		<u>94,611,202.05</u>

Urban Settlement Development Authority Investments

Note 07

Rs. 2020	Rs. 2020
BOC Investment Ac. No-	
87037855	61,000,000.00
87097060	14,500,000.00
87970167	12,000,000.00
58022114	68,000,000.00
88028098	25,000,000.00
88028123	14,000,000.00
88049259	27,000,000.00
88061774	20,000,000.00
88068135	10,000,000.00
88074860	45,000,000.00
88080707	50,000,000.00
88085795	33,500,000.00
88091784	12,000,000.00
88097399	38,500,000.00
88103926	11,000,000.00
88109660	20,000,000.00
88122188	10,000,000.00
88122255	41,000,000.00
88122244	13,000,000.00
88129345	20,000,000.00
88139699	10,000,000.00
88151281	80,000,000.00
88164882	27,000,000.00
88190191	20,000,000.00
88195623	25,000,000.00
88213621	20,000,000.00
88239012	30,000,000.00
88244193	7,000,000.00
88266486	25,000,000.00
88271345	20,000,000.00
88306240	24,000,000.00
88313586	70,000,000.00
People's Bank	
2086001000284320	13,000,000.00
	<u>916,500,000.00</u>

Urban Settlement Development Authority Loan Stock

Note 08

Rs. 2020		Rs. 2020
65,069,779.04	Thuruithurugama Housing Scheme	66,017,083.13
278,619,592.00	Angulana Housing Loan	267,210,064.00
7,535,726.31	Scattered Housing Loan	1,917,855.53
316,964.00	Loan- Sewing Machine	252,991.00
1,798,673.32	Loan - Swashakthi Manawasanwardana	1,719,593.76
3,656,154.85	Hambanthota Housing Loan	3,554,859.85
-	Chilaw Housing Loan	-
3,217,478.80	Angulana sold House A/C	3,131,246.05
36,919,295.07	Rajgama Loan	34,605,773.31
23,541,070.66	Chilaw Housing Loan	22,818,017.48
3,828,005.65	Wadullawattha Sold House	2,150,553.45
99,761.37	Wadullawattha Relocation	34,037.66
3,660,488.50	Sahaspura Sold House	2,820,210.22
1,581,539.82	Sinhapura Sold	1,200,626.39
1,579,684.49	Sinhapura Relocation	1,241,269.49
16,345,312.50	Thalawakalle relocation Housing Loan	15,967,000.00
4,644,249.09	Thalawakalle sold Housing Loan	4,401,165.69
452,413,775.47		429,042,347.01

Work-in Progress

Note 09

Rs. 2020		Rs. 2020
	Angulana Housing Scheme	
6,396,290.69	Angulana Community Hall	6,747,972.83
1,258,683,450.20	Lunawa Housing Scheme	(0.00)
8,796,263.81	Horana Housing Project	
1,885,411.50	Mahaiyawa Housing Project	1,885,411.50
15,108.24	Babarakelle Housing Project	15,108.24
54,000.00	Thuduwegoda Housing Project	564,909.00
54,000.00	Nawalapitiya Housing Project	54,000.00
	Millagahawatta Housing Project	2,042,839.80
	Orchard Watta Housing Project	1,556,752.80
	Sri Jayawardanapura Kotte Housing Project	355,000.00
1,275,884,524.44		13,221,994.17

Note 10

Property Plant and Equipment Urban Settlement Development Authority									
Assets	Balance as at 01/01/2021	Addition During the year	Disposal / Adjustment During the year	Balance as at 31/12/2021	Cumulative Depreciation as at 01/01/2021	Depreciation During the year 2021	Cumulative- Depreciation of Disposal Items	Cumulative Depreciation as at 31/12/2021	Balance as at 31/12/2021
Land	11,764,869.46			11,764,869.46		-	-	-	11,764,869.46
Building	5,616,002.54	1,377,000.00		6,993,002.54	234,599.13	301,360.81	-	535,959.94	6,457,042.60
Furniture & Fittings	2,406,678.46	1,581,856.89		3,988,535.35	44,165.87	635,817.13		679,983.00	3,308,552.35
Office Equipment	4,728,362.13	3,917,134.72		8,645,496.85	99,503.42	1,639,642.03		1,739,145.45	6,906,351.40
Vehicle	30,190,000.00		8,490,000.00	21,700,000.00	2,540,579.23	5,565,550.68	1,940,009.70	6,166,120.21	15,533,879.79
Computers	11,547,519.28	1,800,365.00		13,347,884.28	105,368.79	6,105,780.18		6,211,148.97	7,136,735.31
253-3524 Engine	-			-	-	-	-	-	-
Total	66,253,431.87	8,676,356.61	8,490,000.00	66,439,788.48	3,024,216.44	14,248,150.83	1,940,009.70	15,332,357.57	51,107,430.91

Urban Settlement Development Authority Accrued Expenses

Note 11

Rs. 2020		Rs. 2020
285,235.00	Legal Expenses	89,500.00
10,464.10	Traveling	27,876.10
	News Paper	3,150.00
1,636,539.00	Stationary	581,799.26
174,042.75	Telephone Bill	97,827.35
	Transport	187,769.00
-	Overtime	584,913.79
46,000.00	Security	30,500.00
126,871.11	SEC Payble salary	126,871.11
15,372,284.12	Office Rent	27,387,188.66
79,812.00	Cleaning Charge	-
55,400.00	Other Allowance	265,300.00
3,480,106.29	Swashakthi Manawasanwardana	2,694,775.50
	Furniture and Fitting	28,000.00
300,000.00	Fuel Expences	584,455.29
1,053,701.66	Employee Provident Fund	1,279,834.55
	Employee Trust Fund	1,226.70
(25.00)	Repair and Maintainance Vehicle	1,201,250.00
	Repair and Maintainance Office Equipment	181,250.00
661.10	Recovery Commision	0.00
101,520.00	Advertising	74,925.00
944,335.00	Lease rental operational vehicle	-
961,040.00	Audit Fees	1,961,040.00
160,898.40	Accrued Horana Project	-
11,607.00	Stamp Payble	12,675.00
12,203,183.21	Lunawa Housing Project	74,345,095.46
84,485.00	Accrued Other supply	-
500,000.00	Accrued Accounting Package	250,000.00
383.76	Accrued water bills	1,732.30
-	Accrued Welfare	112,900.00
-	Accrued Ceremoney	101,950.00
-	Accrued Repair & Maintanace Building	5,900.00
-	Accrued Training	24,500.00
-	Accrued Printing	13,000.00
-	Sri wickramapura Expences	69,172.76
-	Thuduwegoda Housing Project	127,278.00
-	Walisara Housing Project	285,105.00
-	Accrued repair & Maintanace Computer	66,480.00
	Orcharwatta Housing Project	24,800.00
37,588,544.50		112,830,040.83

Urban Settlement Development Authority Retention

Note 12

Rs. 2020		Rs. 2020
-	Sri Wickramapura Retention	172,652.61
585,623.89	Angulana com. hall Retention	-
110,561.40	Bambara Kele Project	-
52,686.27	Retention Money Resource Center	23,522.57
67,999.66	Thalawakale Retention	0.05
445,199.43	Retention Money Building Renovation	76,852.52
6,750.00	Anuradapura resource center	-
75,821.00	Horana H/P	-
	Retention CCTV	32,794.85
1,344,641.65		305,822.60

Urban Settlement Development Authority Treasury Grant

Note 13

Rs. 2020		Rs. 2020
421,263,715.65	Angulana Housing Scheme	421,263,715.65
1,267,316,673.63	Lunawa Housing Scheme	90,000,000.00
Scattered Loan	90,000,000.00	
60,541,000.00	Chillaw Housing Project	60,541,000.00
40,615,893.59	Lindula- Talawakale Housing Project	39,830,853.42
2,409,839.96	Seethawaka Housing Project	2,409,839.96
8,804,705.87	Horana Housing Project	-
42,850,524.15	Rajgama Housing Project	42,850,524.15
619,532.50	Mahaiyawa H/P	619,532.50
58,594,358.50	Thuruithurugama H/P	58,594,358.50
1,993,016,243.85		716,109,824.18

Urban Settlement Development Authority Capital Grant On Fixed Assets

Note 14

Rs. 2020		Rs. 2020
4,431,961.38	Opening Balance	5,300,102.84
2,700,000.00	Add- Grant received for the year	3,000,000.00
(1,831,858.54)	less- Depreciated for the year	(2,554,227.53)
5,300,102.84	Closing Balance	5,745,875.31

Urban Settlement Development Authority Government Grant

Note 15

Rs. 2020		Rs. 2020
6,000,000.00	Motor vehicle From Minisitry (GU-1502)	-
29,701,963.36	Wadullawattha (Sold House)	29,701,963.36
1,826,865.26	Wadullawattha (Relocation)	1,826,865.26
1,387,960.77	Sahaspura (Relocation)	1,387,960.77
15,012,002.32	Sahaspura (Sold House)	15,012,002.32
3,734,709.68	Sinhapura (Sold House)	3,734,709.68
7,504,498.79	Sinhapura (Relocation)	7,504,498.79
1,053,164.87	Assets from UD Ministry	1,978,042.27
2,111,797.46	Land -Anuradhapura	2,111,797.46
	Sahaspura commercial unites A/C	44,777,000.00
68,332,962.51	Balance	108,034,839.91

Urban Settlement Development Authority Statement of Financial Performance - Notes for the year 2018

Urban Settlement Development Authority Interest Income

Note 16

Note 16-A

Rs. 2020		Rs. 2020
439,004.08	Loan Recovery Interest Account- Distress Loan	439,928.95
1,059,867.30	Loan Recovery Interest Account- Scatterd	600,277.44
598,937.99	Loan Recovery Interest Account- Thuruithurugama	1,137,804.09
346,520.33	Loan Recovery Interest Account- USDA Staff Loan	209,688.76
323,571.80	Loan Recovery Interest Account- Swashakthi Loan	66,512.66
159,672.32	Loan Recovery Interest Account- Angulana Sold House	91,900.87
1,907,568.89	Loan Recovery Interest Account- Rajgama H/P	1,752,857.04
935,315.61	Loan Recovery Interest Account- Wadullawattha	937,535.31
262,534.76	Loan Recovery Interest Account- Sahas. Sold	245,799.08
272,841.29	Loan Recovery Interest Account- Sinhapura Relocation	94,586.76
238,522.10	Loan Recovery Interest Account- Sinhapura sold	190,578.49
	Loan Recovery Interest-Thalawakalle	226,648.20
6,544,356.47		5,994,117.65

Note 16 - B

521,762.10	Interest Income - Savings A/C -:AC No - 0072697157	146,218.83
21,298.37	Interest Income - Angulana MC Fund Saving -:AC No - 0076710959	553.58
	Interest Income - IPG Saving AC-87818698	91.86
	Intrest income - FD	15,988,255.51
543,060.47		16,135,119.78
7,087,416.94		22,129,237.43

Urban Settlement Development Authority Other Income for the Year

Note 17

Rs. 2020		Rs. 2020
1,022,278.44	Sundry Income	369,548.02
780,000.00	Sinhapura Rent Income	780,000.00
19,000.00	Tender non-refundable Deposit	291,000.00
92,150.00	Sri Wickaramapura - Prejashalawa - Income	48,050.00
49.00	Surcharge A/C	56,083.78
29,500.00	sahasa Deed Fees	65,070.00
110,748.78	Study loan refund	-
960,000.00	Lunawa Processing Fee	632,000.00
-	Sales of Diposal Item	772,752.00
-	Anuradhapura Processing Fee	14,500.00
-	Receipt on Enquiry	51,446.76
	Income From REEL	2,656,005.39
<u>3,013,726.22</u>		<u>5,736,455.95</u>

Chairman
Urban Settlement Development Authority

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Urban Settlement Development Authority for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018.

I. Financial Statements

I.1 Qualified Opinion

The audit of financial statements of the Urban Settlement Development Authority for the year ended 31 December 2021 comprising the statement of Financial Position as at 31 December 2021 and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended and the summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 of the National Audit Act No. 19 of 2018 and the provisions of the Finance Act No.38 of 1971. My report will be tabled in the Parliament in due course, in terms of sub section 154 (6) of the Constitution.

In my opinion, except for the effects of the matters described in the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

I.1 Basis for the Qualified Opinion

- (a) As a result of the values of fixed deposits amounting to Rs. 524,500,000 maturing at 6 months and 12 months being treated as cash and cash equivalents contrary to the provisions of Sri Lanka Public Sector Accounting Standard 02, the balance of the value of cash and cash equivalents in the cash flow statement as at the end of the year under review had been over-calculated by that amount. Similarly, as a result of Rs. 916,500,000 invested by the Authority in fixed deposits during the year under review not being included under investment activities in the cash flow statement, the net cash flow generated under investment activities had been under-calculated by that amount.
- (b) Though it had been stated that 6 houses of Thuru lthurugama in Anuradhapura costing Rs. 4.9 million would be maintained as circuit bungalows in terms of accounting policies 8.4 of the Financial Statement, those houses, without being identified as an investment property in terms of Section 7 of Sri Lanka Public Sector Accounting Standard 7 “Property, Plant and Equipment”, had been shown under Property, Plant and Equipment in financial statements. Similarly, 15 houses at Sinhapura costing Rs. 36.62 million leased out by the Authority were indicated under current assets without being identified as an investment property.

- (c) Without taking action to review the possibility of recovering the total loans of Rs. 206.77 million receivable at the end of the year under review and identify its total impairment loss, an allocation of 5% of that total balance had been made as doubtful debt.
- (d) The value of a motor vehicle valued at Rs. 2.35 million received from the line Ministry in the year 2017 had been included within the cumulative fund of Rs. 6.64 million included in the net assets of financial statements at the end of the year under review and action had not been taken to account the value of that motor vehicle as a government grant and amortize annually.
- (e) As a result of accounting Rs. 751.11 million received from the General Treasury for the Lunawa Housing Scheme which is a balance that remains over a period of one year as deferred income under the current liabilities without accounting as treasury grants in the statement of financial position, current liabilities had been overstated by that amount and entitlements and reserves had been understated by that amount in financial statements.
- (f) Though the number of unsold houses in the Lunawa Housing Project as at the end of the year under review was 181, as a result of the housing stock being indicated as 180 units in the financial statements, the current liabilities had been under-calculated by Rs. 3.64 million. Similarly, even though the income recognized in respect of 175 houses sold was Rs. 150.06 million, as a result of it being accounted as Rs. 766.35 million, the income of the year under review had been over-calculated by Rs. 616.29 million.
- (g) Since the land selected for the project for constructing permanent houses in place of 1220 underserved houses scattered in an area of 12 acres in Mahaiyawa area in Kandy had only 4 acres without the threat of landslides as a result of not conducting a proper feasibility study, the Authority had abandoned the project and though the expenditure of Rs. 1,855.411 borne hitherto had been a futile expenditure, it was shown in accounts under work in progress without writing off against the profit of the Authority.
- (l) conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.2 Other information contained in the Annual Report 2020 of the Authority

Other information means information, though included in the Annual Report 2021 of the Authority which is expected to be handed over to me after the date of this audit but not included in the financial statements and in my audit report thereon. Those charged with

management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion thereon.

My responsibility in relation to my audit regarding financial statements is to read other information whenever available and consider whether there are material inconsistencies between the financial statements or my knowledge gained otherwise and other information.

In reading the annual report 2021 of the Authority, if I concluded that there are material misstatements, such matters shall be communicated to those charged with management. If there still are misstatements which have still not been corrected, they will be included in the report to be tabled in Parliament by me in due course in terms of Article 154(6) of the Constitution.

4 Responsibility of the management and governing partners for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation financial reporting process.

As per section 16 (1) of the National Audit Act No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Authority.

1.5 Auditor's responsibilities in connection with the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

2.1 **Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.**

- #### 2.1.1
- In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the qualified Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Authority had maintained proper financial reports.

2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Authority are consistent with the preceding year.

2.1.3 Except for the observation in paragraph 1.2 (b) and (c) of this report, the recommendations made by me in the previous year have been included in the financial statements as per the requirement of Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements, did not come to my attention.

2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Authority has any interest, direct or otherwise, outside normal business status in any contract entered into by the Authority.

2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, whether the Authority has not complied with any applicable written law, or other general or special directions issued by the governing body of the Authority;

2.2.3

Reference to Laws, Rules, Regulations etc	Description
(a) Section 11(b) of the Finance Act, No.38 of 1971	Without the concurrence of the Minister of Finance, the Authority had invested Rs. 1.195 million in fixed deposits with the approval of the Board of Directors.
(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka (i) F.R. 371(2)(b)	- Special advances ranging between Rs. 3,000 to Rs. 60,000 totaling Rs 218,000 granted to 12 officers on 13 occasions during the year under review had been retained by those officers for a period over one month and settled subsequently without being used for the relevant purpose. - Though ad-hoc sub imprests up to a maximum of Rs. 100,000 should be granted only to staff officers for specific purposes, in the year under review, ad-hoc sub imprests ranging between Rs. 104,000 to Rs. 120,000 totaling Rs. 752,000 had been granted to officers on 07 occasions contrary to Financial Regulations.

Reference to Laws, Rules, Regulations etc	Description
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- In terms of the requirement of Section 12(g) of the National Audit Act No. 19 of 2018, whether the Authority has not performed according to its powers, functions and duties, except for the following observations.
 - (a) In terms of the Urban Settlement Development Authority Act No. 36 of 2008, though the Authority had been established to formulate a national policy in relation to the development of urban settlements and to ensure the implementation of such policy, the Authority had failed to formulate and implement the said national policy even though 13 years had lapsed since the establishment of the Authority. In terms of Section 10 of the Act, though the Authority had appointed by April 2017, an “Advisory Committee” with a Chairman and not more than fourteen members, even by the end of the year under review, the functions relation to the objectives of the Authority such as the proposals, plans, projects and action plans had not been identified.
 - (b) In terms of subsection 16(1)(e) of the Urban Settlement Development Authority Act No.36 of 2008, all sums of money collected by the Urban Development Authority as service charges from the property developers to finance low cost housing programmes should have been credited to the Fund of the Urban Settlement Development Authority. However as the UDA had stopped the collection of service charges in terms of Cabinet decision No: 10/2951/504/012 dated 14 December 2010, the USDA had been deprived of that income. The USDA had failed to acquire to itself the service charges amounting to Rs. 207.33 million that had already been collected by the UDA at the time of stopping the collection of service charges.
- In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2.3 Other Matters

- (a) The Authority had failed to recover the balance of Rs. 1.32 million from the mobilization advance which remained recoverable even by the end of the year under review as a result of the contractor abandoning the contract for the construction in the year 2019 of the welfare building of the Sayurupura multi storey housing complex at Anuglana of which the contract value was Rs. 14.19 million when the value of the work done was at Rs. 5.85 million.
- (b) As at the end of the year under review, the rental income to be recovered from 02 housing projects was Rs. 75,462,935 of which the balance recoverable for a period between 01 to 02 years was Rs. 12,079,528, the balance recoverable for a

period between 02 to 05 years was 34,769,303 and the balance recoverable for a period exceeding five years was Rs. 16,384,576.

- (c) The loan installment in arrears recoverable as at the 31 December of the year under review in respect of 05 housing projects and 03 concessionary loan schemes was Rs. 130,973,939 of which the loan balance in arrears for a period ranging from 1 to 2 years was Rs. 23,162,568, the recoverable loan balance for a period ranging from 2 to 5 years was Rs. 50,610,420 and the loan balance exceeding 05 years was Rs. 35,166,939.
- (d) Though the suspended office rent payable to the Urban Development Authority for the office premises at Sethsiripaya had been resumed in the previous year, the office rent in arrears from the year 2016 to the end of the year under review was Rs. 27.39 million.
- (e) Though the initial capital of the Authority shall be Rs. 5,000 million which shall be paid out of the Consolidated Fund in installments in terms of provisions of subsection 16(3) of the Urban Settlement Development Authority Act No. 36 of 2008, even by the end of the year under review, no capital had been given to the Authority.
- (f) Even by the end of the year under review, the Authority had failed to finalize the acquisition of 2.21 hectare of lands from the relevant institutions in respect of 512 housing units 03 housing schemes of which construction had been completed by the Authority at the end of the year under review and of one housing scheme of which construction was ongoing. Consequently, it was observed in the audit that delays were occurring in granting deeds of lands to recipients of houses to whom ownership had been transferred.
- (g) Though the Authority had transferred the possession of 53 houses of the Angulana housing scheme to the value of Rs. 62.87 million through a grant without charging money during the period from 26 September 2016 to 12 February 2019, subsequent cabinet decision No: CP/19/2761/122/085 dated 18 September 2019 had stated that a reasonable amount could be charged from the beneficiaries, the Authority had not charged any money even by the end the year under review citing that the houses had been provided prior to the said cabinet decision relating to the charging of money. The Authority had not taken action to enter into agreements with beneficiaries and contrary to the objectives of the Authority, these houses had been given free of charge to persons engaged in the fields of sports and acting.
- (h) Though it has been stated that the relevant line ministry should take action under Financial Regulation 103 (Paragraph II) to consider whether legal proceedings can be constituted against the individuals responsible for the loss caused to the government as a result of the financial fraud committed in the acquisition of

Real Exchange Private Limited and correctly compute the loss caused to the government as per the instructions given by the Attorney General on 28 October 2021, the line ministry had not proceeded with the matter even by June 2022.

- (i) The official vehicle assigned for the official duties of the Chairman of the Authority by the Ministry of Finance on 15 July 2020 had been released by the Director General of the Authority upon a request made by the Secretary of the Ministry of Urban Development and Housing to the former Chairman of the Authority who had been appointed as the Project Director of the of the Colombo Port City Development Project and though this vehicle had subsequently been released to the Authority, the legal ownership thereof had not been transferred to the Authority even by July 2022.

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W.P.C. Wickremaratne

Auditor General