

Annual Report 2016



Urban Settlement Development Authority
Ministry of Housing, Construction & Cultural Affairs







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Introduction



Urban Settlement Development Authority

Urban Settlement Development Authority was established
by the Urban Settlement Development Authority Act
No. 36 of 2008.

The main objective of establishing the Urban Settlement Development Authority was to formulate a national policy on urban settlement development, to uplift the living standard of people living in underserved urban settlements in order to ensure a sustainable urban development and to upgrade the existing housing units by providing access to minimum urban facilities to such people or to design and implement programs to make available better housing facilities for them.



Urban Settlement Development Authority

VISION

To ensure enhanced life-style within sustainable urban human settlements

MISSION

Offering solutions to housing problems of residents of underserved urban settlements and urban zones in compliance with a holistic urban development plan and concurrently empowering them socially, economically and culturally

VALUES

We value social integrity and harmony in all our endeavours minimizing disruption to people's livelihood and social network.

We are always alive to the needs and aspirations of communities we serve by encouraging participatory decision making resulting in clear benefits to the community.

We treat all our team and the members of the community we serve, the way we would like to be treated.

We encourage innovation, teamwork, partnership and maintain ethical and professional standards in all our endeavours.

2016

The Board of Directors from 01.01.2016 to 31.12.2016



Mr. Ranjith Shantha Kahawala
Chairman



Mr. D.A.P. Abeysekera
Member of the Board



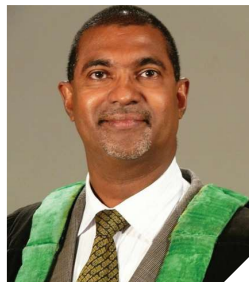
Mrs. K.A.S. Walpola
Member of the Board



Mr. Nihal Fernando
Member of the Board



Mr. L.S. Palansuriya
Member of the Board



Dr. Mahim Mendis
Member of the Board



Mr. E.L.W. Samarasinghe
Member of the Board



Mr. W.M. Gunaratne
Member of the Board



Mr. A. Santiyago
Member of the Board



Mr. A.K.P. Vijith Chandima
Member of the Board



Mr. D.A. Gamini
Member of the Board



Eng. Benedict K. Ulluwishewa
Director General
(Secretary to the Board)

2016
Senior Management
Senior Management from 01.01.2016 to 31.12.2016

S. No	Post	Name	Date of appointment
1	Chairman	Mr.R.S. Kahawala	19.10.2015
2	Director General	Eng. Benedict K. Ulvishewa	19.10.2015
3	Director (Social Mobilization)	Mr.Y.R. De Silva	01.11.2011
4	Director (Finance)	Mr. N.G.G. Dias	01.02.2011
5	Internal Auditor (Acting)	Mr. L.R.A. Shantha	01.02.2011
6	Assistant Director (Legal)	Mrs. Devika Dissanayake	01.11.2011
7	Assistant Director-(Research & Development)	Mrs. K.K.W.T.G. De Silva	01.11.2011
8	Assistant Director (Procurement)	Mr. R.D.S. Fernando	26.05.2014
9	Assistant Director (Finance)	Mr.A.M.K. Bandara Athauda	11.06.2012
10	Assistant Director (Architectural)	Mrs. M.S.V.Vipulaguna	08.08.2012
11	Assistant Director (Land)	Mr.W.P.U.K. Perera	10.11.2014
12	Assistant Director (Administrative)	Mr.A.P.R. Gnanapriya	17.11.2014

Details of the staff of the USDA as at 31.12.2016

#	Post	Approved cadre	Number as at 31.12.2016		Vacancies
			Permanent	Contract	
01	Director General	01	01	-	
02	Director (Social Mobilization)	01	01	-	
03	Director (Planning and M.I.S.)	01	-	-	01
04	Director (Finance)	01	01	-	
05	Director (Engineering)	01	-	-	01
06	Internal Auditor	01	01	-	
07	Asst Director (Finance)	01	01	-	
08	Asst Director (Procurement)	01	01	-	
09	Asst Director (Eng)	01	-	-	01
10	Asst Director (Architectural)	01	01	-	
11	Asst Director (Social Mobilization)	01	-	-	01
12	Asst Director (Legal)	01	01	-	
13	Asst Director (Land)	01	01	-	
14	Asst Director (Research & Development)	01	01	-	
15	Asst Director (Admin)	01	01	-	
16	Administrative Officer	01	-	-	01
17	Technical Officer	01	-	-	01
18	Development Officer	04	04	-	
19	Systems Analyst	01	-	-	01
20	Planning Assistant	01	01	-	
21	Data Planning Assistant	01	-	-	01
22	Planning Assistant (M.I.S.)	01	01	-	
23	Planning Assistant (Research)	01	01	-	
24	Planning Assistant (Statistical)	01	01	-	
25	Legal Assistant	01	-	-	01
26	Community Development Assistant	20	14	-	06
27	Technical Assistant	08	10	-	01
28	Draughtsman	01	01	-	
29	Programming Officer	01	01	-	
30	Management Assistant ((Non Technical)	20	30	02	
31	Data Entry Operator	02	02	-	
32	Social Development Assistant	10	12	-	01
33	Driver	10	10	-	01
34	Primary Non craftsman/ KKS	09	13	-	
35	Record Keeper	01	01	-	
36	Store Keeper Assistant	01	01	-	
Total		111	114	02	18

- As per the Management Services Circular 25/2014, the number of posts is 21
- An officer (01) and 05 drivers serve on secondment basis.
- Accordingly, the total staff including the Chairman (01) is 123.

Chairman's Review

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 socially, economically and culturally empower the target group.

With this objective in mind the USDA plans and executes programmes under a two-fold development approach as physical and human and by the end of the year 2015, it marked its 8th anniversary.

Under the physical development approach, construction activities of the Lunawa Urban Housing Project and Talawakele Lindula Housing Project were carried out this year as projects continued from previous year.

The Lunawa housing project constructed at Lunawa Grama Niladhari Ddivision in Moratuwa with 356 housing units in 12 stories (G+11) with a total financial estimate of Rs. 1,267.32 million (excluding the estimated cost of Rs. 102 million for the land) is implemented with the objective of offering housing solutions to underserved urban communities and by the end of the year 2016 the physical progress of the project was 85% while the financial progress was Rs. 1,180.37 million.

Underserved communities living in 'Udalaima' settlement and the settlement adjoining the land in old market have been selected as beneficiaries of this project. Talawakela- Lindula housing project with 54 housing units will be constructed at "Holiroad" land at a cost of Rs. 78.40 million.

By constructing the road network required for the Talawakele- Lindula housing project during the year 2016, the necessary infrastructure facilities were put in place and the project was made ready to be conferred on the people.

In addition to the above projects/ programmes, the coordination of housing projects being carried out in the Hambantota District under the "Semata Sewana" housing drive was assigned to this Authority. Accordingly, the Engineering Division of the Authority lent its technical knowhow to the programme while the Social Mobilization Division actively involved the community by promoting the community participatory construction approach.

Several vacancies that occurred in vital positions of the Engineering Division of the USDA in 2016 contributed negatively to the progress of the physical development programme.

"Swashakthi" human development programme was launched in the year 2011 to administer programmes for uplifting living standard of urban settlement dwellers and in the year 2016 too, diverse programmes were enacted to achieve this basic objective.

An increasingly disturbing trend seen in urban settlements is that some young people who drop out of formal education due to economic woes or those who have completed school education being involved in antisocial activities or engaged in illegal occupations letting slip away valuable opportunities of life.

Being aware of this trend, the officers of the social mobilization unit offer them guidance to pursue vocational training courses that suit their skills and after processing the applications, vocational training programmes are implemented in collaboration with the National Apprenticeship and Industrial Training Authority. In 2016, 297 youths from the Colombo urban zone and 84 young men and women from outstations were thus referred for vocational training.

With the intervention of the Authority, a loan facility subject to a ceiling of Rs. 25,000.00 is extended to the self-employed helping them to self-reliant and improve their businesses and this facility is available to the residents of urban zones in Colombo and in outstation settlements where human development programmes are carried out by the Authority. The loan is granted pursuant to a basic feasibility study and 61 self-employed received this loan facility in 2016.

A programme is underway under the livelihood development programme to provide sewing machines to women of urban underserved settlements who are either engaged in dressmaking or intend to take up dressmaking as a form of self-employment and a sewing machine valued at Rs. 21,999.00 is given to them and the value is recovered in monthly installments of Rs. 1000.00. In the year 2016, 404 sewing machines were distributed among selected low income earners from the Colombo urban zone and the Kurunegala and Hambantota districts.

Also during the year 2016, material assistance was extended to 260 beneficiaries in 2016 with the objective of improving sanitary facilities amongst underserved community in the Hambantota urban zone.

Thus 2016 can be termed as a year during which the USDA focused on attaining its vision of “ensuring enhanced life-style within sustainable urban human settlements”.

Ranjith Shantha Kahawala

Chairman

Urban Settlement Development Authority

Report of the Board of Directors

The Board of Directors of the
Urban Settlement Development Authority as at 31.12.2016 is as follows.

Mr. R.S.Kahawala

Chairman

Eng. Benedict K. Ulluwishewa

Secretary to the Board

Mr. D.A.P.Abeysekara

Director

Mr. Nihal Fernando

Director

Mr. L.S.Palansuriya

Director

Mrs. K.A.S.Walpola

Director

Mr. W.M. Gunaratne

Director

Dr. Mahim Mendis

Director

Mr. E.L.W. Samarasinghe

Director

Mr.A.K.P.Vijith Chandima

Director

Mr. D.A. Gamini

Director

Mr.A. Santiyago

Director

During the year under review, 12 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 2016.

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

Mr. D.A.P. Abeysekara - Chairman

Dr. Mahim Mendis

Mr. A.K.G. Vijith Chandima

While providing housing solutions to people living in underserved urban settlements, the Urban Settlement Development Authority seeks to collectively upgrade the condition of houses in urban areas which are unsuitable for living. Concurrently, the Authority has launched a human development programme to uplift socioeconomic status of people residing in urban settlements.

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 to review the method of financial reporting at meetings that are held regularly and through the Audit Committee.

In preparing the financial statements submitted through 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 efficient 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.

By order of the Board of Directors,
Secretary to the Board of Directors

Director General

Urban Settlement Development Authority

Audit Committee Report

Necessary powers for reviewing and monitoring have been vested in the Audit Committee for ensuring the existence of an appropriate financial reporting system and ensuring 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 consists of the treasury representative and two members of the Board of Directors. In keeping with the guidelines for state enterprises, Mr. D.A.P. Abeysekara, the treasury representative of the Board and Additional Director General of the Department of External Resources served as the Chairman of the Committee in the year 2016. Dr. Mahim Mendis and Mr. A.K.G. Vijith Chandima functioned as the committee members.

An audit superintendent of the government and the Chief Internal Auditor of the line Ministry attended the committee meetings as observers and a number of officials of the USDA participated in the proceedings of the committee as and when necessary. The Director General of the USDA served as the secretary of the Committee. The audit programme prepared for the year 2016 by the internal auditor was considered and approved by the Committee.

During the year under review, the Committee held 06 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. 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.

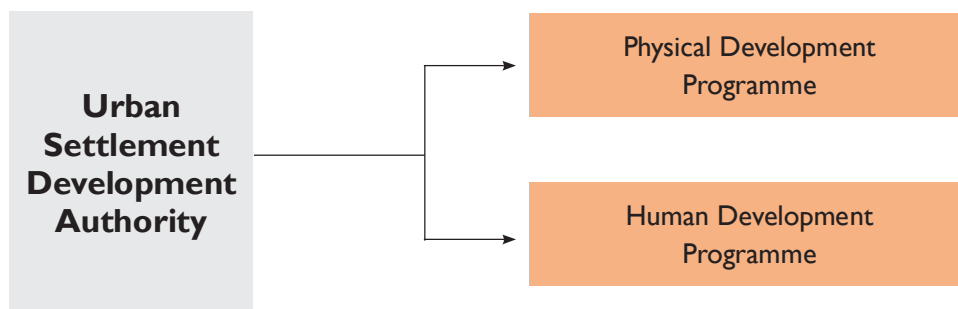
By order of the Audit and Management Committee
Secretary to the Audit and Management Committee
Director General
Urban Settlement Development Authority

Contribution of the Urban Settlement Development Authority for a developed habitat

1. **Approach through physical development** - Horizontal and vertical development that builds lives together.
2. **Approach through human development** - Moving forward with community as a mediator and mobilizer.

Ongoing Programmes – 2016

The Urban Settlement Development Authority discharges its duties for the wellbeing of the urban community with the vision of making an active contribution to bring about sustainable urban settlement development. By upgrading housing units for sustainable urban settlement development and by implementing human settlement development programmes, groundwork is laid for better existence and renders a noble service to uplift the living standard of people inhabiting underserved urban settlements. The USDA which is committed to a sustainable urban settlement offers its service to underserved community through a two-pronged approach.



During the year 2016, the USDA implemented 03 development programmes as indicated below.

1. Physical Development Programme

Re-housing programme for the people of urban underserved settlements.

Using lands in prime locations freed by providing standard houses for communities living in urban underserved settlements for urban redevelopment activities and converting temporarily built and partially constructed houses in urban zones into standard houses are the twin objectives of this project.

2. “Swashakthi” human development programme

“Swashakthi” human development programme is geared towards liberating the urban underserved settlement community from dependent mentality and helping them to stand on their own in order to empower them socially, economically and culturally.

“Swashakthi” Human development programme is an ongoing programme since 2011 and in implementing this programme, due consideration is given to proposals and plans submitted by the people of urban settlements for the improvement of living standard in their respective settlements and such proposals are accommodated in plans, projects and action programmes of the USDA.

I. Physical Development Programme

In compliance with the “Semata Sewana” national policy planned to be achieved during the next decade, the physical development programme aims to develop housing and associated facilities in underserved urban settlements.

The USDA has launched housing projects targeting low income communities living in economically sensitive, protected or coastal areas and in areas proposed for urban development activities. The Authority makes a direct intervention for uplifting the living standard of such communities through a formal habitat process.

The following three programmes were implemented in the year 2016 in this regard.

Lunawa Housing Project

The Lunawa housing project constructed at Lunawa Grama Niladhari Division in Moratuwa with 356 housing units in 12 stories (G+11) with a total financial estimate of Rs. 1,267.32 million (excluding the estimated cost of Rs. 102 million for the land) is implemented with the objective of offering housing solutions to underserved urban community. The State Engineering Corporation has informed the USDA that the construction could be completed by March 2017

Project Summary – Lunawa Housing Project

No of housing units	356
Total estimated cost	Rs 1,267.32 million (excluding the estimated cost of Rs. 102 million for the land)
Budget provision -2016	Rs. 340.00 million
Cumulative progress as at 31.12.2016	85%
Physical	Rs. 1,180.37 million
Financial	



Lunawa housing project – External and internal outlook

Talawakele- Lindula Housing Project

People living in 'Udalaima' settlement and the settlement adjoining the land in old market have been selected as beneficiaries of this project. Talawakela- Lindula housing project with 54 housing units will be constructed at "Holiroad" land in the Talawakele- Lindula UC area at a cost of Rs. 78.40 million.

By constructing the road network required for the Talawakele- Lindula housing project during the year 2016, the necessary infrastructure facilities were put in place and the project was made ready to be conferred on the people.



Talawakele – Lindula housing project

Contribution of USDA for the “Semata Sewana” National Housing Concept

In addition to the above projects/ programme, the USDA serves as a leading facilitator in housing development by contributing to the programme for the construction of model villages in the Hambantota district under the “Semata Sewana” national housing drive.

In 15 model villages implemented under this national programme, it is the USDA that plays a pivotal role for the construction of houses through participatory approach.

The USDA has been entrusted with the responsibility of improving overall living standard of the low or middle income urban community by fulfilling their housing requirements and uplifting their socioeconomic status. As an impartial facilitator and as well as a guide, the USDA in partnership with the beneficiary community and the National Housing Development Authority is committed to carry out future activities of model villages with efficacy.

Playing a pioneering role from the inception of this project, the USDA will discharge the responsibilities entrusted to it with due diligence. Accordingly, the Engineering Division of the Authority lent its technical knowhow to the programme while the Social Mobilization Division actively involved the community by promoting the community participatory construction approach.



Legal Issues and challenges faced by USDA in implementing projects

- The USDA is constitutionally empowered by the Urban Settlement Development Authority Act of 2008 to plan and implement development projects and programmes to uplift the living standard of the urban low income community and though the Authority has been able to identify the requirements of and long term solutions for the sector, it does not have the seed capital for the implementation of projects.
- Acute shortage of lands in urban areas though the Authority has been entrusted with the responsibility of offering housing solutions to low income communities residing in areas designated as urban areas by the USDA in terms of the USDA Act.
- Problems encountered in enforcing the rules and regulations laid down by the Urban Settlement Development Authority (USDA) in respect of constructions.
- Eg: As the extent of land in each plot of the Horana Urban Housing Project implemented by the USDA is 7 perches, the Authority had to obtain a special approval as the prescribed extent in the area of housing plot is 10 perches.
- Problems experienced in determining the maximum height of a building as the Authority has to implement multi-storied housing projects to counter the acute shortage of lands in urban areas.
- Eg: Though the maximum number of floors was planned as G+12 of buildings of the Mahaiyawa housing project Kandy, on the recommendation of the USDA, the number of floors has to be amended as G+6.
- Challenges faced in complying with the recommendations of the Central Environmental Authority
- Eg: Though the CEA had recommended to release treated sewage of the Lunawa housing scheme to the Lunawa lagoon, the recommendation was withdrawn subsequently and the USDA had to adopt an alternative method expending additional provisions.
- Challenges faced as a result of recommendations of the Civil Aviation Authority
- Eg: Though the buildings were planned as G+11 in designing the Angulana urban housing project implemented by the USDA, it has to be amended as G+8 as per the recommendations of the Civil Aviation Department.
- Though the USDA is conferred with powers to carry out its duties covering all areas designated as urban zones in the country, the Authority has been compelled to confine its affairs only to major in the absence of an established island-wide network.
- Since the target community of the USDA is urban low income earners in terms of the USDA Act, the construction cost projects cannot be fully recovered from beneficiaries.

Solutions to problems and challenges

- If the startup capital and land assets could be procured, self-financed new development projects and programmes can be initiated with a broader scope.
- Though preliminary planning approvals should be obtained and a feasibility study should be conducted in implementing housing projects, funds are not allocated for such purposes. As the target beneficiaries are low income earners, the expenses incurred cannot be recovered from them either. Therefore, on the recommendation of the project evaluation committee, taking measures to have the provisions allocated by the Treasury.
- Absence of an island-wide network so as to carry out duties in all areas declared as urban zones in the country.

Urban Settlement Development Authority Financial progress of physical development projects As at 31.12.2016

#	Project/Programme	Budget provisions received - 2016 (Rs Mn)	Financial progress as at 31.12.2016 (Rs Mn)
Physical development programme			
1	Lunawa urban housing project	1,053.527	1,172.020
2	Talawakele-Lindula urban housing project	75.942	67.167
3	“Semata Sewana” housing project	-	7.288
Total		1,129.469	1,246.475

Since Lunawa Urban Housing Project and Talawakele- Lindula urban housing project were commenced in 2012 and 2015 respectively, the cumulative value of the financial progress and the budgetary provisions received as at 31.12.2016 has been indicated.

2. “Swashakthi” human development programme, a pillar of strength to urban community

The USDA is one of the foremost institutions that conducts highly productive programmes for raising the living standard of communities living in underserved urban settlements in Sri Lanka. One of the key objectives of the Authority is to implement human development programmes for elevating the living standard of dwellers of underserved urban settlements in partnership with them. The aim of the “Swashakthi” human development programme is the empowerment of communities living in urban underserved settlements with a view to promoting their social, economic and cultural life under the theme of a happy family in an enabling environment. The programme is also geared towards developing knowledge and skills and inculcating positive attitudes in children and young men and women of these communities.

Founded in the year 2011 exclusively for the implementation of programmes to uplift living standard of the residents of urban settlements, a host of programmes was conducted in the year 2016 too, under the “Swashakthi” programme to achieve these objectives.

2.1 Raising community awareness on “Swashakthi” human development programme and conducting socioeconomic surveys

Creating awareness among families on the Swashakthi Human Development Programme and registration and collection of information of Swashakthi families were carried out and residents of settlements were made aware of the objectives and activities of the programme.

The programmes covered urban zones in Colombo as well as “Semata Sewana” model village projects in districts outside Colombo. 1,142 families in Colombo urban zones and 1,021 families from outstations have hitherto been registered.

Socioeconomic surveys were conducted in settlements located in the Colombo, Hambantota, Kalutara, Trincomalee, Anuradhapura, Kurunegala” Galle and Ampara districts.



“Semata Sewana” model village project in the Hambantota district



“Semata Sewana” model village projects in the Hambantota district (Nawagampura, Uhana- Samanabedda, Damana- Arunapura, Padiyatalawa-Kehelella)

2.2 Establishing and updating “Swashakthi” community based organizations

Swashakthi programme established a strong organizational structure in settlements by mobilizing vibrant community based organizations in settlements and establishing Swashakthi community development societies in settlements where CBOs were dormant. In the year 2016, “Swashakthi” human development programme was launched in Colombo with the participation of community based organizations.

In “Semata Sewana” housing projects wherein human development programme is in operation, community based organizations are established and updated, promoting the solution of problems through cooperation and collective action.

Community based organizations were established and updated in the settlements in which human development programme is operative in the Colombo, Hambantota, Anuradhapura, Trincomalee, Ampara and Batticaloa districts.



Updating “Swashakthi” community development society of the Samudragama settlement in the Trincomalee district



Establishing community development society in the Talawa-Moragoda housing scheme in the Anuradhapura district

2.3 Programme for developing knowledge, attitude and skills of children

Forming Swashakthi Children’s Societies and implementing programmes for overall development of children with the objective of enhancing knowledge, attitude and skills of children of urban settlements thus creating an enabling environment for them to face to future challenges, various competitions, aesthetic skills development programmes, tree planting campaigns, savings and religious programmes and establishment of children’s libraries were conducted.

Having created awareness on ‘Swashakthi’ children’s programme amongst children covering 04 urban zones, they were involved in the human development programme. Consequent to the implementation of this programme, a positive development in knowledge, skills as well as attitudes was observed amongst the children.

- **Establishing and updating children’s societies for promoting leadership qualities and positive attitudes among children**

Children’s societies were established and updated in settlements in the Colombo, Hambantota, Ampara, Trincomalee districts where the human development programme is in operation. The number of children’s societies established by the end of the year 2016 was 159. The societies meet once a month and children have shown a lot of interest and enthusiasm towards activities of these societies. Children are encouraged to take part in cultural programmes and arts and drama competitions designed to promote unity, leadership qualities and positive attitudes.



Updating “Swashakthi” community development society of the Samudragama settlement in the Trincomalee district
Establishment and empowerment of children’s societies in “Semata Sewana” model villages in the Hambantota district



Establishment and empowerment of children’s society in Nawagampura model village, Ampara district

- **Establishing community resource centres with the aim of providing theoretical knowledge and practical training**

In today’s society, it is essential to be equipped with theoretical knowledge and technical knowhow to overcome future challenges. However opportunities available towards this end especially for children of underprivileged families are limited. Therefore, resource centres have been established with the intervention of the USDA enabling children of urban settlements who have been deprived of this opportunity to gain knowledge on information technology.

16 such resource centres have been established hitherto covering urban zones in Colombo in conjunction with “Nenasala” programme implemented under the purview of the Telecommunications and Regulatory Commission.

Computer training classes are conducted once a week at these centres and as indicated by evaluation of the programme, it was observed that computer literacy among children of underserved communities has increased by nearly 75% by the end of 2016.

Resource centres at Sayurupura housing project- Angulana, Gnanawimala Bodhirajaramaya-Borella, Dharmakeerthiramaya- Kollupitiy and Quarry Road community resource centre and Usaviwatta community resource centre have commenced training courses as of now.



Inauguration of community resource centre at Sayurupura housing project, Angulana



Inauguration of community resource centre at Kadirana

- **Donation of library books amongst children's societies**

With the intention of enhancing knowledge of the children of underserved urban communities and expanding their academic opportunities by inculcating reading habit, sets of library books were donated to the libraries of children's societies within and outside the Colombo urban zone. The books were a donation from the Ministry of Cultural Affairs and were distributed among 19 children's societies and community service centres. Children's society of Pokunuwatta settlement- Mattakkuliya, Ashoka Buddhist Centre, Children's society of Kalinga Mawatha II settlement, children society of Samudragama settlement- Trincomalee are some of the societies received boons under this programme.



- **Forming Swashakthi child dancing pool**

Action was taken to form a pool of child dancers selected from the Colombo urban zone to hone the dancing skills of naturally gifted child dancers. This programme will afford opportunities for these children of underserved settlements to showcase their hidden dancing talents and fulfill their future aspirations.

45 children endowed with singing and dancing skills were selected to establish the dancers' pool. Two graduates from the University of Performing Arts, Jayapathi Bandara and Muditha Lakmini offered their guidance for the formation of the dancing pool. Mr. Jayapathi Bandara has graduated from Alvas University, India and is specialized in Sri Lankan dancing.

Conducting interviews at zonal level to select children talented in dancing for the establishment of a dancers' pool



- **Implementing a programme for the improvement of English Language knowledge of children of urban underserved settlements**

In partnership with British Council, one-year English language course was conducted for selected children of underserved communities who have excelled in English. The basic objective of this program is to equip them with the required level of proficiency for future employment opportunities.



Under the first phase of the programme, 51 children were selected through interviews and the Authority made a financial contribution of Rs. 19,075,000.00 for the 51 children who followed the course.

At the conclusion of the course, the majority of children have achieved a sufficient level of proficiency in English and the students who underwent training were of the opinion that the knowledge they gained would stand them in good stead in future.



- **Implementing children’s saving promotion programmes**

Children’s savings promotion programme to train children of underserved settlements on the habit of saving from a very young age is implemented in settlements within the Colombo urban zone as well as in settlements and housing schemes outside Colombo. A change in parental attitude too is envisaged and they are motivated to save to ensure future security of their children.



Children’s savings promotion programme in the Hambantota district



Implementing children’s savings programme at model housing projects at Piliadi

As in previous years, the programme was implemented in collaboration with Bank of Ceylon and in 2016, 490 children from Colombo urban zone, 142 children from Hambantota urban zone, 14 children from model housing projects of the Kurunegala district and 122 children from model villages in the Trincomalee district were enlisted to the programme.

For the opening of the account, the Authority contributes a deposit of Rs. 100.00 and Bank of Ceylon contributes an opening deposit of Rs. 1000.00.



- **Programmes for promoting painting skills**

Parallel to World Habitat Day programmes of 2016, the first stage of “Swashakthi” children’s painting programme was conducted under 03 age categories with the participation of nearly 15,000 children of the Colombo urban zone and in the districts where which human development programmes are implemented with the objective of promoting creative and artistic skills of children of urban settlements.

- **Final stage of “Swashakthi Children’s Painting Competition**

After evaluating the drawings of children who took part in the first phase by an expert panel of judges, 3,000 paintings were selected from the three age categories of 6-9, 10-14 and 15-18. The children so selected participated in the final competition held at Vihara Maha Devi Park, Colombo on 29.04.2016. The final stage was held with pomp and pageantry and the occasion was graced by the former first lady Madam Hema Premadasa.

A salient feature was the participation of a large number of children not only from the Colombo urban zone but from other districts in which human development programmes are conducted.

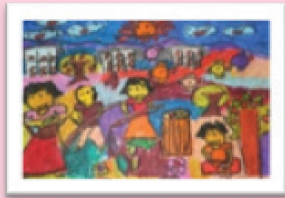


Judging the winners of final found

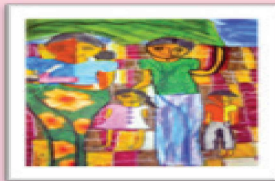


Winners of Children's Painting Competition

Age category 6-9



1st Place
Methuni Nethma Sanindi
Grade 1

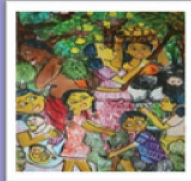
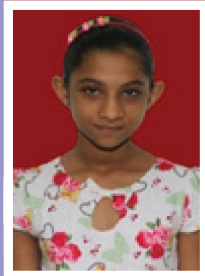


2nd Place
Yumindi Methsika
Danayake
Grade 3

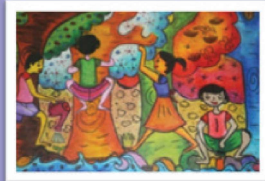


3rd Place
Lakithi Jayanima Perera
Grade 3

Age category 10-14



1st Place
J.K. Yasasi Hansina
Grade 7



2nd Place
Ravisha Hasaravi
Navodya
Grade 6



3rd Place
W. Methuni. Thisarani
Grade 9

Age category 15-18

		
		
<p>1st Place R. Jude Nixon Grade 10</p>	<p>2nd Place Tharushika Sewwandi Grade 10</p>	<p>3rd Place Y. Vishwa Rasanjana Grade 11</p>

- **“Swashakthi” short drama festival**

Though there are children with innate talents in acting in underserved urban settlements, the only avenue available for them to display such talents is the “Swashakthi” children’s drama competition. As in previous Habitat Day programmes, a short drama competition was conducted covering Colombo urban zones with the participation of 53 teams in the first round.

In the first round competition, rehearsals were conducted at the settlement level with the assistance of undergraduates of the University of the Visual and Performing Arts. The competition led to strong bonds being formed among children of different settlements.



The preliminary round competitions of the “Swashakthi” short drama festival conducted parallel to World Habitat Day 2016 were held at Pradeepa Hall, Maligawatta



The second round too was held at Pradeepa Hall with the participation of 20 teams

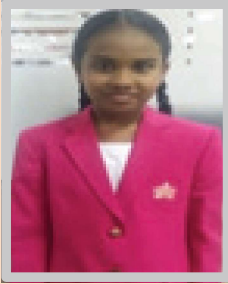


- **“Swashakthi” essay competition**

Marking World Habitat Day 2016, an essay competition was organized involving children in urban settlements with the objective of enhancing their knowledge and understanding.

617 children took part in the competition and the medals, certificates and cash awards for winners of three categories were presented by His Excellency the President at the national ceremony held to mark World Habitat Day.

Primary category (up to Grade 5)



1st place
K.W. Yoshani Upekshika
CO/Modara Ananda
MMV Grade 8



2nd place
Romali Shani Sri
Parakramabahu
Vidyalaya Grade 7



3rd place
A.L.B. Gihani Sandunika
CO/Hemamali Balika
Vidyalaya Grade 9

Primary category (up to Grade 5)



1st place
Diyara Malinima Kumari
CO/ Sujatha Balika
Vidyalaya Grade 5



2nd place
M.P.F. Rifna
CO/ Hemamali Balika
Vidyalaya Grade 5



3rd place
H.M. Chethana Nethmini
Vidyawardana Primary
School Grade 4

Senior Category (up to Grade 13)



1st place
S.W. Charuka Lakshani
WP/PI/De Soyza MV
Grade 10



2nd place
Mariyasekara Jenita
St Anthony's BMV
Grade 10



3rd place
Tharushi Sithra Sandamini
WP/PI/De Soyza MV
Grade 10

- **World Habitat Day 2016 Celebration**

By virtue of powers vested in the Authority in terms of the provisions of the USDA Act, it has to play a pivotal role in the commemoration of World Habitat Day in Sri Lanka.

The national ceremony of World Habitat Day-2016 was held under the patronage of His Excellency the President on the theme of “Housing at the Centre” on 03.10.2016 at “Sugaladevi” model village, Nuwaragala, Polonnaruwa. The winners of the drama, essay and arts competitions and the cricket tournament received certificate and cash awards from His Excellency the President.



- **Cultural Promotion Programmes**

With the participation of field officers, cultural programmes are conducted in settlements for people of different ethnicities and one of the prominent programmes amongst them is the ‘Bak Maha Festival’ held during the Sinhala and Hindu New Year to foster goodwill among children.

Concurrent to the vesting in of “Sanhindagama” housing project,, Hambantota, a Bak Maha festival was held and similar events were conducted at the settlement level in Colombo as well.



- **Children’s Health Clinic and Sanitation Programmes**

Due to inattention and negligence on sanitation by children of underserved communities and their children, they are more likely to be afflicted by various diseases and are prone to diseases from a very young age. In order to arrest this trend, children’s health programmes are implemented at the settlement level.

Conducting dental clinics



Donation of sanitary materials to Lady Ridgeway Children’s Hospital by children’s society of 23 Magazine settlement



2.4 Youth Empowerment Programmes

- **Implementing vocational training programmes**

An increasingly disturbing trend seen in urban settlements is that some young people who drop out of formal education due to economic woes or those who have completed school education being involved in antisocial activities or engaged in illegal occupations letting slip away valuable opportunities of life.

Being aware of this trend, the officers of the social mobilization unit offer them guidance to pursue vocational training courses that suit their skills and after processing the applications, vocational training programmes are implemented in collaboration with the National Apprenticeship and Industrial Training Authority. In 2016, 297 youths from the Colombo urban zone and 84 young men and women from outstations were thus referred for vocational training.

The vocational training programmes to which young men and women were referred to included repairing air conditioners, beauty culture, fabric painting, motor mechanism and motor vehicle technology and subsequent to a follow up conducted it was observed that many young men and women took to self employment upon the successful completion of training course while others had found employment in the private sector.



Conducting workshops in collaboration with National Apprenticeship and Industrial Training Authority (NAITA)

A workshop was conducted jointly with the UDA, NAITA and with the involvement of external institutions at Pradeepa Hall, Maligawatta covering urban zones in Colombo with the aim of providing employment opportunities to unemployed young men and women of urban settlements.

A total of 72 young people covering all settlements in the Colombo urban zone participated in the workshop and several leading private sector institutions including John Keels, Kingsbury Hotel and several printers explained to young men and women of employment opportunities available with them.



- **Establishing youth societies**

With the aim of involving young men and women in human development programme and creating a community of young people who are committed to the advancement of their respective settlements, youth societies are formed at the settlement level and registered with our Authority. The youth societies thus established conduct drug prevention programmes and guide drug addicts to rehabilitation programmes.



Establishing youth society of Iqbalnagar model village, Trincomalee

- **Granting sports equipment to youth societies**

Table tennis and badminton equipment sets were granted to enhance sports skills of young men and women of Sayurupura housing project, Angulana. In addition, a carom board was granted to the youth society of Samudragama settlement, Trincomalee.



2.5 Empowering women of urban underserved settlements under “Swashakthi” woman promotional programme

- **“Diriyata Diriyak” self employment promotion programme**

With the intervention of the Authority, a loan facility subject to a ceiling of Rs. 25,000.00 is extended to the self-employed helping them to self reliant and improve their businesses and this facility is available to the residents of urban zones in Colombo and in outstation settlements where human development programmes are carried out by the Authority. The loan is granted pursuant to a basic feasibility study and 61 self employed received this loan facility in 2016.

Several self employed persons who obtained loans under “Diriyata Diriyak” self employment financial assistance service project

- **Extending equipment assistance to the self-employed**

A programme is underway under the livelihood development programme to provide sewing machines to women of urban underserved settlements who are either engaged in dressmaking or intend to take up dressmaking as a form of self employment and a sewing machine valued at Rs. 21,999.00 is given to them and the value is recovered in monthly installments of Rs. 1000.00. In the year 2016, 404 sewing machines were distributed among selected low income earners from the Colombo urban zone and the Kurunegala and Hambantota districts. Granting sewing machines to 04 self-employed women at Sayurupura multi-storied housing complex, Angulana can be cited as an example.

The success story of a courageous beneficiary woman who made maximum use of the loans and training provided for self –employment to develop her enterprise is given below.



Her story of success ...

She is Mrs. Malawige Maduka Sanjeevani Silva, a 36 old mother of two residing at Gothamipura, Borella whose husband is a three-wheeler driver. She was selected as a recipient of a self-employment loan under the “Swashakthi Diriyata Diriyak” self-employment promotion programme of the USDA. As a self-employed person, she is engaged in making



ornamental items and the Authority having identified her talents granted her a loan of Rs. 25,000. During observations made by the USDA, Mrs Maduka made the following comments.

“ I chose making ornamental items as self employment taking advantage of the knowledge I gained from a television programme. With some understanding on the market prices of raw materials, my attempt was to obtain raw materials at a concessionary price. I was also concerned about the quality of the raw materials and strived increase my production. I also purchased an electrical stove essential for my trade. I make items which are in demand in the market and maintain a file with detailed records of all expenses. This helped me immensely in fixing the correct prices of items I make. The profit I gain and the enjoyment I derive from this enterprise is immense. I duly pay back the loan installment. I received training through human development programmes of the USDA on financial management and administration of small businesses. That knowledge was put to good use to develop my self-employment. I can proudly say I was able to strengthen my economy by making ornamental items as self employment.”

During our observation visit, we were able to witness her production process. She sells a crystal doll at Rs. 130/-. In addition to dolls, she produces three types of flower pots, crystal toys and crystal art work. Of these items, the greatest demand is for her crystal dolls. They are sold to wholesale trades of Pettah, Colombo. She expects to expand her business outside Colombo. She purchases raw materials from whole trade outlets in Pettah, Colombo. From this self employment, she earns an average monthly income of Rs. 35,000/-. She makes about 100 items per day and they are transported to the market the very next day.

She receives support from her family members. Especially, her husband helps her to transport ornamental items to the market and fetch raw materials. During school

holidays, she is assisted by her two children. As a result of her self-employment, she is able to properly manage family expenses.

She has already employed two persons and expects to recruit more with the gradual expansion of her business. She is also willing to share her knowledge with those who aspire to be self-employed. She repays her loan installment on time.

Maduka's wish is to complete her house and to run the business in her own premises in the town. She has already invested a part of the profit towards that end. She expects to register her business in the Divisional Secretariat and said she received necessary instructions in that regard with the intervention of the USDA.

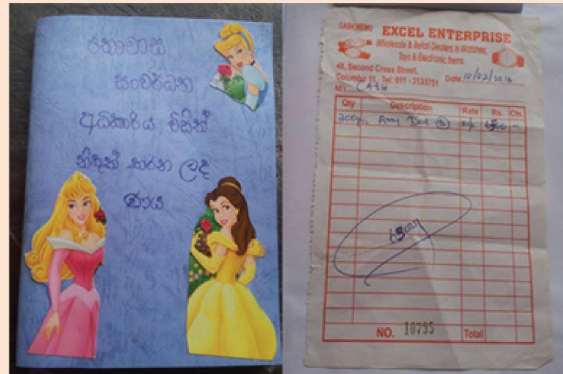
This is the story of Maduka, a successful small-scale businesswoman. There are many others like her who achieved similar success with our support.



Making the final product



Final product



File containing details of income and expenditure

- **Conducting follow-ups on the self employed to whom sewing machines were provided**

The field officers of the Authority conducted follow-up activities about self employed women to whom sewing machines were provided under “Swashakthi Kantha Saviya” programme to ascertain whether they had been used for the intended purpose and whether the beneficiaries had derived any economic gains.

It was observed that the beneficiaries had successfully carried out the work related to their self employment using the machines and they stated that they were able to make some contribution to the family’s economy.



- **Forming small groups to promote savings**

The small group method can be termed as yet another step towards elevating living standards of underserved communities and ensuring success of the rural development endeavor by pooling their own resources and building a fund. It trains them on financial management, financial usage and promotes the culture of saving.

This small group method is implemented for women of underserved settlements within the Colombo urban zone and housing schemes outside Colombo where human development programmes are in operation and the establishment of small groups has provided many a relief measure to low income women.

Small groups were established in Colombo, Samudragama- Trincomalee, “Semata Sewana” housing project, Navagampura-Ampara.



Colombo urban settlements



Samudragama settlement – Trincomalee



“Semata Sewana” housing project, Navagampura-Ampara

2.6 Conducting medical clinics for improved health of settlement community

- **Conducting Ayurvedic clinics and clinics for kidney patients**

During the year 2016, 16 medical clinics were conducted in the Colombo urban zone with a view to improving health of the urban underserved community. Through these clinics conducted under the full patronage of the Western Province Ayurveda Commissioner's Office, treatment were offered and medicines were provided free of charge.



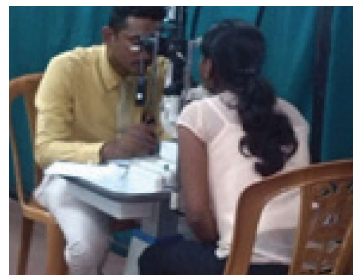
- **Conducting awareness programmes for pregnant mothers**

An awareness clinic focusing on the delivery of a healthy baby with the help of the indigenous medicine system was conducted by the Ayurveda Department of Western Province and nutritious food items were distributed among participant mothers at the clinic.



- **Conducting blood donation programmes**

Marking the 1st anniversary of assumption of office by His Excellency the President, a blood donation campaign was conducted with the 'National Blood Donation Service' and an eye clinic in partnership with 'Clear Care' institute with the patronage of the USDA at Sethsiripaya.



- **Conducting eye clinics and distribution of spectacles**

Programmes centered on the Hambantota and Polonnaruwa districts for providing spectacles to low income community and spectacles were given to those weak eyesight identified through pre-eye clinics. The number of beneficiaries of the programme was 2,337.



- **Donation of water filters to preschools**

There is an increasing trend of people in some areas contracting kidney diseases due to the absence of clean drinking water sources. As a solution to this problem and to train kids to use clean drinking water, water filters were distributed among 103 preschools in the Dimlagala Divisional Secretary Division and the Hambantota district during the year 2016.



- **Promoting sanitary facilities**

With the aim of promoting sanitation amongst the underserved community in the Hambantota urban zone, material assistance was extended to 260 beneficiaries in the year 2016 under the patronage of the Hon. Minister.



2.7 Conducting Community Action Workshops (CAP Workshops)

With the objective of providing solutions to problems specific to settlement communities to which they cannot find solutions on their own, community action workshops are organized with the involvement of public officials, community leaders and the settlement community in the settlements of Colombo urban zone and in housing projects outside Colombo wherein human development programmes are conducted.

Community action workshops were accordingly conducted in 2016 covering urban zones in Colombo and outside Colombo.

These were conducted within the Colombo urban zone and in model villages at Navagampura Damana and Padiyatalawa model villages in Ampara; Piliadi, Kalyanipura and Iqbalnagar housing projects in the Trincomalee district.



In Colombo urban zone



Navagampura, Damana, Padiyatalawa model village housing projects

2.8 Implementing community participatory physical projects

- **Construction of a community hall at Thuruithurugama housing project in Anuradhapura district**

Construction of the community hall of the Thuruithurugama housing project which was a long felt need of the village was completed with the contribution of labour by the members of the “Swashakthi” Human Development Society.



Urban Settlement Development Authority
Financial progress of the human development projects
As at 31.12.2016

#	Project/Programme	Budgetary provisions received -2016 (Rs Mn.)	Financial progress as at 31.12.2016 (Rs. Mn)
	Human development programme		
1	Human development programme -2016	18.212	20.997
	Total	18.212	20.997

Urban Settlement Development Authority
Financial Statements for the year ended
31/12/2016

- 1. Financial position statement**
- 2. Income and expenditure account**
- 3. Cash flow statement**
- 4. Changes in equity statement**

Urban Settlement Development Authority
Statement of Financial Position for the year ended
31 December 2016

	Note	2016	2015
Assets			
Current assets			
Cash and bank balance	01	74,095,000.39	146,767,755.40
Stocks (for Resource Centres)	02	1,020,096.50	1,390,086.50
Advances	03	198,481.00	331,943.30
Staff loans		20,871,830.38	21,715,103.42
Distress loans		9,861,351.22	9,964,875.29
Welfare loans		10,000.00	10,000.00
REEL Company			
Receivable service charges -USDA		207,331,767.00	207,331,767.00
Receivable loans- scattered housing		12,318,429.43	11,036,104.00
Loans receivable	04	42,597,242.96	26,026,594.03
Contract advances	05	5,502,913.10	225,297,470.86
		373,807,111.98	649,871,699.80
Non –current assets			
Loans	06	420,512,572.69	121,965,368.76
Ongoing projects	07	1,241,924,716.52	643,847,680.46
Property plant and equipment	08	13,775,918.25	7,898,473.09
Angulana housing project		152,685,000.00	478,988,658.00
Chilaw housing project		52,967,468.10	52,177,656.10
48 Watta, housing project (housing stock 14)		34,500,000.00	34,500,000.00
Thuruithurugama housing project (housing stock 8)		6,328,507.81	6,328,507.81
		1,922,694,183.37	1,345,706,344.22
Total assets		2,296,501,295.35	1,995,578,044.02
Liabilities			
Current liabilities	09	152,962,049.10	23,628,810.53
Accrued expenditure		11,286,000.00	11,105,000.00
Management Corporation Fund	10	56,025,567.90	51,672,834.75
Retained money	11		1,192,275.15
National Housing Development Authority		197,754.89	167,530.00
Anuglana rent advance		30,000.00	90,000.00
Installments received in advance –Scattered housing loan project		220,501,371.89	87,856,450.43

Installments received in advance- Sinhapura rented houses			
Noncurrent liabilities			
Allocation for gratuity		13,403,340.50	9,714,817.25
		13,403,340.50	9,714,817.25
Total liabilities		233,904,712.39	97,571,267.68
Net assets		2,062,596,582.96	1,898,006,776.34
Equity and reserves			
Treasury grants	12	1,826,800,184.31	1,627,739,363
Consolidated fund		12,065,000.00	
Income reserves		93,094,358.50	93,094,358.50
		1,931,959,542.81	1,720,833,722.1
Income balance (expenditure)			
Deficit/surplus for the year		177,173,054.25	(30,171,713.01)
		(46,536,014.10)	207,344,767.16
		130,637,040.15	177,173,054.15
Total equity		2,062,596,582.96	1,898,006,776.34

The preparation and presentation of the final account statements is the responsibility of the Board of Directors of the USDA. Approval of the Board of Directors has been received for these financial statements and signed on behalf of them.



.....
Director (Finance)
USDA



.....
Director General
USDA



.....
Chairman
USDA

Urban Settlement Development Authority
Income and Expenditure Account for the year ended
31 December 2016

	Note	2016	2015
Income			
Ministry of Housing		20,000,000.00	41,651,140.00
Treasury Provisions		70,384,000.00	73,730,000.00
Interest income	13	8,857,410.76	7,827,568.80
Land Reclamation and Development Corp.			3,891,911.75
1% Service Charge income			207,331,767.00
Other income	14	4,688,362.06	1,205,955.00
Total Income		103,929,772.82	335,638,342.55
Expenditure			
Administrative Expenses			
Salaries		50,267,521.92	50,109,723.94
Overtime allowances		3,116,382.68	2,234,551.28
Other allowances		1,588,955.00	1,039,201.00
Bonus		1,680,000.00	1,785,000.00
Board allowances		1,042,100.00	789,652.00
Travelling expenses		1,169,814.47	490,730.81
Foreign tours expenses		1,015,966.17	
Stationary		1,551,251.12	1,102,858.58
Fuel		3,120,221.81	1,848,772.53
Welfare expenditure		511,424.9	733,604.00
Newspapers		34,500.00	29,740.00
Stamps		304,346.00	138,925.00
Expenditure for ceremonies		22,994.00	
Bank expenses		16,500.00	5,550.00
Telephone expenses		1,573,099.20	1,231,267.90
Office rent expenses		13,408,774.24	10,294,302.32
Repairs and maintenance Office equipment		430,037.61	564,053.49
Vehicle repairs and maintenance		4,327,220.42	3,590,993.34
Buildings repairs and maintenance			6,996.00
Furniture repairs & maintenance expenditure		20,650.00	
Building renovations		8,227,826.91	171,453.71
Insurance expenses		380,378.92	430,566.08
Janitorial expenses		852,542.85	677,626.49
Expenditure for training programmes		389,755.44	315,235.68
Printing expenditure		246,608.48	96,430.00
Purchasing consumer items		13,330.50	15,670.00
Publicity		240,529.75	
Other expenditure -materials		85,323.00	30,575.00

Other expenditure –services		154,268.00	42,506.84
Auditor General's Dept (fees)			139,860.00
EPF		9,001,806.39	8,131,190.90
ETF		1,350,270.96	1,219,678.62
Security expenditure		354,000.00	324,000.00
Gratuity		3,688,523.2	4,691,429.75
Electricity expenditure		23,150.16	18,470.31
Water bills		34,099.92	24,404.25
Entertainment expenditure			
Medical expenditure		21,000.00	18,000.00
Deyata Kirula programme			
Commission for Scattered housing loan collection		1,289,932.3	
Aid		20,491.73	
Vesak festival		270,708.50	
Legal expenditure		199,935.80	
USDA- Welfare society		250,000.00	
Loan recover y commission			823,533.73
Bad debt		20,491.73	8,816.44
REEL Company		8,050.00	2,047,958.78
Debit taxes		311,603.87	
Doubtful debt–Scattered Housing Loans		260,256.39	921,937.00
Depreciation	08	5,830,684.73	2,693,375.25
		118,706,837.45	98,838,641.02
Development expenditure			
Tenement 48 housing project			
Swashakthi community society construction			94,524.68
Sahaspura housing renovations			
World Habitat Day Programme		4,565,773.16	6,070,558.24
Ceremony expenditure			
Transport		46,680.00	1,071,155.89
Janasevana Swashakthi human development		15,239,213.80	8,244,530.85
Hambantota sanitation project		5,374,842.50	7,275,996.00
Resource centre contracts		1,192,025.21	1,055,381.70
Angulana project- Maintenance		3,415,035.93	1,972,786.30
Hambantota housing project		1,913,426.87	382,402.76
Polonnaruwa housing project		9,952.00	
Seethawaka ongoing project		-	2,395.28
Trincomalee ongoing project balance		-	747,754.49
Lunawa –Price Committee Fees			144,553.50
Anuradhapura housing project		2,000.00	
		31,758,949.47	29,454,934.37
Total expenditure		150,465,786.92	128,293,575.39
Surplus/ (deficit) for the period		(46,536,014.10)	207,344,767.16

Urban Settlement Development Authority

Cash flow statement for the year ended 31 December 2016

	2016	2015
Operational activities		
Receipts		
Treasury grants (recurrent)	70,384,000.00	73,730,000.00
Other income	211,425.04	420,955.00
Interest income	3,116,038.44	1,714,869.57
Recovery of distress loans	4,525,797.14	2,504,602.09
Angulana installments	870,101.00	452,800.00
Staff housing loan installments	4,481,960.05	2,317,987.05
Rent income	455,000.00	712,000.00
Tender fees	298,000.00	
	84,342,321.67	81,853,213.71
Payments		
Salaries and wages	68,863,354.82	70,460,051.83
Travel expenses	2,190,819.54	473,224.31
Service expenses	8,226,633.65	3,113,622.91
Contractual services	9,320,967.17	15,041,958.42
Maintenance expenditure	14,937,885.69	4,591,453.91
Commission for collection of loans	1,298,762.35	814,703.73
Cash advance	(133,462.30)	41,539.30
	104,704,960.92	94,536,55
Net cash flow for operational activities	(20,362,639.25)	(12,683,340.70)
Investment activities		
Receipts		
Housing Development Authority – Sahaspura renovations		7,121,750.17
Loan installments for scattered housing	9,785,535.84	8,394,227.06
Funds received -REEL		10,414,448.72
Receipt of funds for Angulana project		
Installments –Anuradhapura housing project	731,150.00	
Swashakthi self-employment loan installments	588,988.92	191,413.86
Sewing machines	599,670.00	
Sahaspura housing project	684,740.45	
Sinhapura housing project	497,336.82	
Wadulawatta housing project	811,509.60	
Sri Wickramapura – Income	213,075.00	
	13,912,006.63	26,121,839.81
Expenditure		
Angulana housing project	5,746,396.88	158,920,614.77

Lunawa housing project	229,370,327.00	193,101,097.71
Talawakele housing project	17,534,996.93	7,133,609.12
Chilaw housing project	789,812.00	761,819.88
Seethawaka project		880,607.46
Hambantoa project	11,343,532.72	7,475,273.76
Trincomalee project		9,400.00
Anuradhapura project		-
Sahaspura renovations		8,888,839.18
Purchasing fixed assets	3,985,629.89	2,295,163.20
Human development expenditure	22,854,572.55	15,387,413.42
48 watta		
Staff housing loans –USDA	2,400,000.00	23,400,000.00
Settlement of distress loans	4,047,675.04	
Scattered housing loan	1,300,000.00	12,500,000.00
	299,372,943.01	430,753,838.50
Net cash flow for investment activities	(285,460,936.38)	(404,631,998.69)
Net increase/decrease in cash and cash equivalents		
Treasury grants (capital expenditure)	233,150,820.662	479,766,979.96
Angulana management corporation fund		3,275,000.00
Net cash flow generated from financial activities	233,150,820.62	483,041,979.96
Net increase/decrease in cash and cash equivalents	(72,672,755.01)	65,726,640.57
Cash and cash equivalents at the beginning of the year	146,767,755.40	81,041,114.83
Cash and cash equivalents at the end of the year	75,095,000.39	146,767,755.40

Note – Cash flow statement

Cash book balance as at 31/12/2016	
Bank of Ceylon, Battaramulla (Recurrent)	450,904.64
Bank of Ceylon, Battaramulla (Capital)	7,622,181.93
Bank of Ceylon, Battaramulla Anuradhapura)	2,484,207.95
Bank of Ceylon, Battaramulla (Urban settlement promotion programme)	
Savings account	51,816,157.59
Savings account –Management Corporation Fund	11,721,548.28
	74,095,000.39

Urban Settlement Development Authority
Statements of changes in equity for the year ended 31/12/2016

Description	Opening balance		Changes relevant to the current year				Closing Balance	
	2015	2016	2015		2016		2015	2016
			Additions	Deductions	Additions	Deductions		
Seed capital	-	-	-	-	-	-	-	-
Consolidated fund	-	-	-	-	12,065,000.00	-	-	12,065,000.00
Govt grants	1,878,411,960.70	1,627,739,363.69	464,706,000.00	715,378,597.01	213,150,820.62	14,090,000.00	1,627,739,363.69	1,826,800,184.31
Reserves	93,094,358.50	93,094,358.50	-	-	-	-	93,094,358.50	93,094,358.50
Cumulative fund	(30,171,713.01)	177,173,054.25	207,344,767.16	-	-	46,536,014.10	177,173,054.25	130,637,040.15
Total	1,941,334,606.19	1,898,006,776.44	672,050,767.16	715,378,597.01	225,215,820.62	60,626,014.10	1,898,006,776.34	2,062,596,582.96

Auditor General's Department

Chairman
Urban Settlement Development Authority,

Report of the Auditor General on the Financial Statements of the Urban Settlement Development Authority for the year ended 31 December 2016 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971.

The audit of the financial statements of the Urban Settlement Development Authority for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the Income and expenditure Statement, statement of changes in equity and Cash Flow Statement for the year then ended, and a 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 which should be read in conjunction with Section 13(1) of the Finance Act No 38 of 1971 and Section 17(2) of the Urban Settlement Development Authority Act No 36 of 2008. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of section 14 (2) (c) of the Finance Act appear in this report.

I. Management's Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements 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.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka auditing standards corresponding to the international audit standards (ISSAI 1000-1810) of supreme audit institutions. Those standards require that I comply with the requirements of ethics and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of the material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of Accounting Policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub section (3) and

(4) of section 13 of the Finance Act No. 38 of 1971 give discretionary powers to the Auditor General in determining the scope and extent of the Audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for the adverse opinion

Had the matters described in Paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2 Financial Statements

2.1 Adverse opinion

In my opinion, because of the significance of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Urban Settlement Development Authority as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on financial statements

2.2.1 Going concern of the Authority

The following observations are made.

- (a) Even though the initial capital of the Authority should be Rs.5,000 million and it should be paid in installments from the Consolidated Fund of the Government in terms of Subsection 16(3) of the Urban Settlement Development Authority Act, No. 36 of 2008, no capital whatsoever had been provided to the Authority even by the end of the year under review.
- (b) In terms of provisions in Sub-section 16(e) of the Urban Settlement Development Act, No. 36 of 2008, all moneys collected as service charges from the property developers by the Urban Development Authority should be credited to the Fund of the Urban Settlement Development Authority for financing the Low Cost Housing Programmes. Nevertheless, according to the Cabinet Decision No. 10/2951/504/012 dated 14 December 2010, the recovery of those service charges by the Urban Development Authority had been ceased and as such the Urban Settlement Development Authority had been deprived of its main source of income. As such, an uncertainty prevails in the going concern of the Authority without other financial assistance of the Treasury or the Government.

2.2.2 Sri Lanka Public Sector Accounting Standards

Though the Authority had collected loan installments amounting to Rs 1.99 million from three housing schemes in the year under review, the value of those assets had not been indicated in the statement of financial position as per section 14 of the Sri Lanka Public Sector Accounting Standards.

2.2.3 Accounting Policies

The Accounting Policies followed in respect of Government grants provided annually to the Authority for capital expenditure by the General Treasury had not been disclosed in the financial statements.

2.2.4 Accounting deficiencies

The following observations are made.

- (a) Even though a sum of Rs.1,179,062,714 had been spent for the construction of the Angulana Housing Project, a sum of Rs. 700,074,056 had been written off against the profit without any policy decision and only the value charged for the houses amounting to Rs. 478,988,658 had been indicated as assets. As such the noncurrent assets of the Authority had been under-computed by Rs. 684,298,437.
- (b) 2.074 hectares of lands acquired by the Authority paying Rs. 5,810,328 for Angulana and Chillaw housing projects had been shown under work in progress in the statement of financial position instead of showing under lands.
- (c) Instead of indicating the value of 05 motor vehicles valued at Rs 12.06 million received as a grant in the year under review under government grants, the said value had been indicated in the financial statements under the account of the consolidated fund. Similarly, a value similar to Rs 2.46 million which was the annual depreciation value in respect of these vehicles had not been shown as a deferred income in the statement of financial performance. As such the loss of the year under review had been over computed by that amount.
- (d) Instead of indicating 139 houses valued at Rs. 246.47 million belonging to 04 housing schemes expected to be disposed of by the Authority on the sale basis in financial statements as current assets, those houses had been shown under non-current assets.
- (e) A sum of Rs 1,992,275 incurred by the Authority for a project of the National Housing Development Authority had been received from that Authority, but instead of bringing it to accounts as revenue it had been shown under current liabilities in the statement of financial position.
- (f) Instead of accounting Rs. 58.59 million received by the Authority from the line ministry for the construction of Thuruithurugama housing project, Anuradhapura under grants, the said value had been shown under the reserve fund.

2.3 Accounts receivable and payable

The following observations are made.

- (a) The value of the loan installment receivable under Phase I of the Scattered Housing Loan Programme amounted to Rs.20,070,400 and out of that, the balance between 1 and 2 years and the balance more than 2 years amounted to Rs.2,856,683 and Rs.16,109,243 respectively.
- (b) Even though the rent income from Angulana Housing for the year under review amounted to Rs.10,984,759, the value of the rent income recovered amounted to Rs.870,101. As such, the unrecovered rent income had been 93 per cent of the total rent income.
- (c) Action had not been taken by the Authority to settle a sum of Rs.11,286,000 payable to the Community Based Organizations by the end of the year under review.

2.4 Non compliance with laws, rules and regulations

The following instances of noncompliance were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliances
-----	-----
(a) Urban Settlement Development Authority Act, No.36 of 2008	The Authority had been established to formulate a National Policy relating to urban settlement development and to ensure the implementation of that Policy. Even though 8 years had elapsed after the establishment, the Authority had failed to formulate and implement such National Policy.
Section 10	The Authority should appoint an Advisory Committee of not more than 14 members including the Chairman, an Advisory Committee had not been so appointed. As such, a methodology for giving advice in the approval of the functions relating to objectives of the Authority such as proposals, plans, projects and action plans etc. of the Authority, had not been prepared
(b) Apartment Ownership (Amendment) Act, No.45 of 1982 Sub-section 20 (h)	Even though Management Committees should be established for management activities of the Angulana Housing Project, a sum of Rs.11,721,548 recovered from recipients thereon had been deposited in a Savings Account of the Authority without taking action to establish the relevant Management Committees. The Authority had to incur the expenditure of Rs.3,415,036 in the year under review for the maintenance of the housing project due to failure in taking action to establish the Management Committees

(a) The decision of the Cabinet of Ministers No. CM/07/01140/226/103 of 22nd February 2007.	Even though the Real Estate Exchange (Pvt.) Ltd., should be liquidated and assets and liabilities of that company should be vested in the Authority immediately after the establishment of the Authority, action had not been taken to liquidate the company even by the end of the year under review.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	A sum of Rs 1,018,862 collected from April 2015 to August 2016 by the officer collecting monthly water bills of the Sayurupura multi storied housing complex of the Authority had not been remitted to a bank account of the Authority as per financial regulations.
(i) Financial Regulation 177	The officer collecting monthly water bills of the Sayurupura multi storied housing complex of the Authority had paid Rs. 779,075 to the Water Supply Board in respect of the period from April 2015 to August 2016 and the amount retained at hand up to that date was Rs 239,787.
(ii) Financial Regulations 136 & 137	Action had not been taken to have advances amounting to Rs. 144,646 settled during the year under review.
(iii) Financial Regulation 371	In violation of the provisions of the circular, Rs. 1,680,000 had been paid as incentives with Rs 15,000 per employee for the year under review upon the approval of the Board of Directors.
(c) Management Services Circular No. 05/2016 dated 16 December 2016.	
(d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka (i) Financial Regulation 177 (ii) Financial Regulations 136 & 137 (iii) Financial Regulation 371	A sum of Rs 1,018,862 collected from April 2015 to August 2016 by the officer collecting monthly water bills of the Sayurupura multi storied housing complex of the Authority had not been remitted to a bank account of the Authority as per financial regulations. The officer collecting monthly water bills of the Sayurupura multi storied housing complex of the Authority had paid Rs. 779,075 to the Water Supply Board in respect of the period from April 2015 to August 2016 and the amount retained at hand up to that date was Rs 239,787. Action had not been taken to have advances amounting to Rs. 144,646 settled during the year under review.
(e) Management Services Circular No. 05/2016 dated 16 December 2016.	In violation of the provisions of the circular, Rs. 1,680,000 had been paid as incentives with Rs 15,000 per employee for the year under review upon the approval of the Board of Directors.

I. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Authority for the year ended 31 December 2016 had been a deficit of Rs.47,728,289 as against the surplus of Rs.207,344,767 for the preceding year thus indicating a decline of Rs.255,073,056 in the financial result of the year under review as compared with the preceding year. Non receipt of service charge from property developers had been the main reason for the decline in the financial result. Similarly, out of the overall revenue amounting to Rs. 102 million of the Authority, 90 per cent had been received as government grants and only 10 per cent had been earned from operating activities.

An analysis of the financial results of the year under review and the four preceding years revealed a financial surplus of Rs. 11,619,000 and Rs. 6,032,874 in the years 2012 and 2013, but there had been a deficit of Rs.10,284,599 in the year 2014. Though there had been a surplus of Rs. 207,344,767 again in the year 2015 in the year under review there had once again been a deficit of Rs. 47,728,289. Nevertheless, it had continuously improved as positive value since the year 2012 and it had reached Rs.14,755,255 in the year under review.

4 Operating Review

4.1 Performance

The objectives of the Urban Settlement Development Authority Act, No.36 of 2008 are the improvement of the living conditions of persons living in underserved Urban Settlements by upgrading available housing units or by providing better housing facilities and access to minimum urban services in order to ensure a sustainable Urban Settlement Development.

The following observations are made in respect of fulfilment of the above objectives.

- (a) Even though it had been planned to spend a sum of Rs.504 million for 04 projects for the construction and upgrading of 2,503 housing units during the year under review, the entire financial performance had been Rs.340 million or 67 per cent and the physical progress was 23 per cent.
- (b) Three housing programmes with an estimated value of Rs.163.71 million planned to be implemented in the year under review, had not been implemented.
- (c) It had been planned to spend Rs.20 million for providing services for 20,000 family units under the Human Development Programme. However the entire amount allocated had been spent for providing services only to 16,000 families.
- (d) Even though it had been stated in the performance reports that there had not been any physical or financial progress in the Talawakele Urban Housing Project, according to the financial statements a sum of Rs. 17.53 million had been spent on that project.

- (e) Even though Rs. 2.41 million had been received from the Treasury for the Seethawaka Housing Project at the end of the year under review, the project had not been implemented.

4.2 Management activities

The following observations are made.

- (a) Even though 513 housing units in the 04 housing schemes constructed by the Authority had been handed over to recipients and settled, the Authority had failed to acquire even by the end of the year under review, the lands with an extent of 11 hectares relevant to the said housing schemes from various institutions, though action had been pursued from the year 2011. Therefore it was further observed in the audit that this had caused a delay in granting deeds to the recipients of houses.
- (b) Even though the Authority had constructed 380 housing units spending Rs 1,172 million through treasury provisions, attention had not been paid to identify 356 underserved urban settlement families residing within the Moratuwa Municipality area to be settled in those houses as per section 3 of the Cabinet Memorandum submitted by the Minister in charge of the subject on 22nd March 2012.
- (c) During the year under review, Rs. 5.3 million had been spent on the construction of toilets for low income urban community with Rs. 15,000 as material assistance and Rs. 10,000 as financial assistance per toilet. Though, only the Hambantota and Kurunegala districts had been selected for the construction of toilets, the basis for selecting only those two districts had not been disclosed to the audit. According to the agreement between the Authority and beneficiaries, the toilet should be constructed within a month and if not, considering the money granted and the value of building materials considered as a loan, it should be paid back to the Authority as one-off payment, the Authority did not have a follow up mechanism to ascertain whether the toilets had actually been constructed or not.

4.3 Operating activities

The following observations are made.

- (a) Even though the Authority had paid a sum of Rs. 1,298,762 as commission of 10 per cent to debt collectors in the year under review, the progress of recovery of loans of Phase I of the Programmes of Angulana Housing Loans and Diriya Housing Loans, had taken a low value of 10 per cent and 50 per cent respectively.
- (b) Talawakele –Lindula Housing Project

Treasury provisions amounting to Rs. 84.5 million had been approved for the construction of 100 housing units of this housing scheme and it had been planned to commence the project in the year 2013 and complete in the year 2014. The observations are given below.

- (i) Even though treasury provisions amounting to Rs. 76 million had been received by the end of the year under review, the financial progress had been Rs. 67.15 million. i.e. 88 percent of the provisions received had been utilized, but out of the 100 housing units to be completed the number completed was only 54. Further, as the completed housing units remained closed for more than 2 years without being handed over to the beneficiaries, the houses had sustained damages and it was further observed at the on-site audit that the Authority would have to incur further expenditure for the restoration of them.
- (ii) Even though it had been planned to provide 60 houses on relocation basis through the project, only 54 houses had been completed and as such it was revealed at the audit that house had not been constructed for 06 beneficiaries. It was further revealed, that contrary to the objectives of the project, houses in the project had been allocated to 16 outsiders not connected with relocation.
- (iii) Building materials purchased for the project, had not been subject to board of survey at the end of the year under review.

4.4 Transactions of contentious nature

The following observations are made.

- (a) Even though the Authority had disposed 03 housing units valued at Rs. 9.60 million of the Angulana housing scheme by means of a grant without charging money in the year under review, the approval of the Treasury had not been obtained for it.
- (b) The loan amount granted to the Hambantota housing project at the end of the year of review had been Rs 3,656,154 and upon a decision of the Board of Directors, action had been taken not to charge the interest relevant to the loan without the approval of the Treasury or the line ministry. Further, the authority had spent Rs. 1,913,426 for this project and two officers of the Authority holding permanent posts had been attached full time to the project.
- (c) A sum of Rs.775.06 million had been granted by the end of the year under review to the Authority for 03 housing projects and granting scattered loans from the year 2011 up to the year 2015 by the General Treasury for uplifting the living condition of low income recipients living in urban areas and the Authority had taken action to recover from the low income recipients, the value of houses and scattered loan installments granted through various projects to those recipients. The value of instalments and loan interests so recovered from low income recipients by the end of the year under review amounted to Rs.413.62 million. The value of loan instalments recovered by the Authority during the year under review amounting to Rs. 12.62 million had been spent on revenue expenditure without being credited to an account of the Authority as per Section 16 of the USDA Act.

4. Idle and Underutilized Assets

The following observations are made.

- (a) As a result of closing down 72 houses of 03 housing schemes belonging to the Authority for a period ranging from 1 -3 years without being made use of, the Authority had most out on rent income it could have collected.
- (b) 11 Juki machines purchased at Rs. 332,991 to be distributed in the year 2014 and 141 ordinary sewing machines purchased at Rs. 3,101,859 in the year 2016 to be distributed under the social mobilization programme had not been provided to beneficiaries even by 31 March, 2017. Further, these machines had not been surveyed at the board of survey and its cost had not been included in the final inventory.

4.6 Resources of the Authority given to other government institutions

In the year under review, the Authority had released three officers to the National Housing Development Authority and out of the salaries paid to them amounting to Rs. 1,337,497 the amount due as reimbursement at the end of the year under review was Rs. 970,295.

4.7 Staff Administration

The following observations are made.

- (a) Even though 02 Engineering posts of the Authority had been approved, those posts existed as vacancies from the year 2011 even up to the end of the year under review. As such, a situation had arisen in which the Authority that is engaged in constructions, had been unable to carry out those activities continuously. The Chairman had informed that even though action was taken for recruitment to the posts, there had not been any applicants.
- (b) Though 21 officers had been recruited to the Authority as per Public Administration Circular 25/2014 dated 12 November 2014, the Authority had not taken action to include such posts in the approved cadre.
- (c) Without the approval of the Secretary of the line ministry, 21 trainees had been recruited in the year under review for housing supervision activities in the Hambantota district and they had been paid Rs 855,000 as allowances during the year under review.

5. Accountability and Good Governance

5.1 Corporate Plan

- (a) The Corporate Plan had not been prepared in accordance with Section 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003 by including details such as resources available at present in the Authority, the progress of

operations in three preceding years and identification of officers responsible for each function in the Corporate Plan.

- (b) The following functions to be carried out as per the Urban Settlement Development Authority Act No. 36 of 2008 to achieve the objective of the Authority had not been included in the Corporate Plan.
 - (i) o acquire lands belonging to the state and local government authorities for the purpose of the Authority.
 - (ii) To formulate and execute proposals, plans, projects to improve living conditions of urban settlements.
 - (iii) o conduct surveys and studies to identify social and economic situation of urban residents.
 - (iv) To implement housing loan schemes.

5.2 Action Plan

The following observations are made.

- (a) Functions which should be performed out of those included in the Action Plan for the year under review, officers responsible for each function and indicators for evaluation of performance had not been included in the Action Plan.
- (b) Only the activities to be carried out from Treasury fund had been included in the Action Plan and the activities to be carried out from the earnings of the Authority had not been included in the Action Plan.

5.3 Internal Audit

The following observations are made.

- (a) Only the post of Internal Auditor had been approved in the approved cadre for the Internal Audit Unit and the assistance of two officers in the Management Assistant Service of the Authority had been obtained for the activities of the Unit. It was disclosed at the sample inquiry nearly 80 percent of the audit programmes relevant to housing project audit included in the approved audit plan for the year under review had not been carried out.
- (b) Programmes relating to the evaluation of the performance of the Authority had not been included in the internal audit programme.

5.4 Procurement and contract process

The Authority had spent Rs. 8.2 million in the year under review to establish the Authority on the ninth floor of the Sethsiripaya premises.

The following observations are made in this regard.

- (a) For the above contracts neither the engineering estimates nor Bill of Quantities had been prepared.
- (b) Though the National Competitive Bidding process should be followed for the contracts of the above work as per section 3.2 of the Government Procurement Guidelines, contrary to this, the Authority had awarded contracts after calling for bids only from three contractors.
- (c) As a result changing the Engineering Design prepared for the contract, the Authority had to incur an additional expenditure of Rs 1.4 million but agreements had not been entered into with contractors for the additional expenditure so incurred.

5.5 Budgetary Control

The estimated income and certain items of expenditure for the year 2015 had not been budgeted and variances ranging from 40 per cent to 250 per cent were observed between the budgeted and actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.6 Tabling of Annual Reports

Even though the Authority should table its Annual Report in Parliament within 150 days after the closure of the accounting year in terms of Section 6.5.3 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the Authority had not tabled Annual Reports of the years 2014 and in Parliament even by 30th June 2017.

5.7 Unresolved audit paragraphs

Without settling a sum of Rs. 3,891,911 payable to the Land Reclamation and Development Corporation for repairing an office building of the Authority, it had been credited to the revenue.

6. Systems and Controls

Deficiencies in Systems and Controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
(a) Accounting	<p>(i) Not correctly identifying and accounting the classification of assets and liabilities.</p> <p>(ii) As the cost of assets had not been correctly accounted, their value had been under computed.</p>
(b) Financial Management	<p>(i) Action had not been taken to settle advances immediately after the completion of the relevant purpose.</p> <p>(ii) The Government grants received for various programmes had been used for purposes contrary to that objective and the unspent balance of the Government grants had not been remitted to the Treasury.</p> <p>(iii) Action had not been taken as per loan agreements to recover loan installments and the progress of loan recovery was at a low level.</p>
(c) Staff Administration	<p>The posts of top level of the Authority had been vacant and recruitments had been made exceeding the approved cadre. Further, certain posts had not been graded accurately.</p>

H.M. Gamini Wijesinghe
Auditor General