

# Role of Sri Lanka Standards Institution on Quality Product Sales in the Local Market



Number : TEC/B/SLSI/1/19/PAU/37

## NATIONAL AUDIT OFFICE



IMT Division





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## **Executive Summary**

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The Sri Lanka Standards Institution was established under the Ceylon Standards Bureau Act No. 38 of 1964 under the name of Ceylon Standards Bureau. The Sri Lanka Standards Institutions Act No. 06 of 1984 repealed the Sri Lanka Standards Bureau Act and established the Sri Lanka Standards Institution, which enabled the standardization of standards and the quality management practices of Sri Lanka.

Sri Lanka Standards Institution provides SLS logo, quality control of imported goods, provision of laboratory services, standardization of Sri Lanka standards, standardization and standardization of industry quality control, maintenance of library service and quality control certification. In order to provide these services and to achieve the objectives mentioned in the Act, the institution is maintained in 12 sub-branches. These divisions include the Product Certification Division, Systems Certification Division, Marketing and Promotion Division, Scientific Standardization Division, Engineering Standardization Division, Quality Assurance Division, Training Division, Finance Division, Documentation and Information Division, Administration Division, Laboratory Division, Information Technology Division and Internal Audit unit.

The company is highly regarded for its role in delivering high quality products to the customer. One of the main functions of the institute is to issue Sri Lanka Standards Certificate in a systematic manner to the manufacturers who come forward to obtain the Sri Lanka Standards Certificate and to inspect the quality of the imported goods and submit a quality report thereon.

It is very important for health safety and health condition that a product should have the right amount of criteria and right dosage to be included. Development is at a very high level in a country where there are people consuming products that are safe and free of health problems. As a developing country, Sri Lanka also has the potential to reduce government spending by adopting healthier food consumption. To that end, local manufacturers should be encouraged to do so regularly. The role that the Sri Lanka Standards Institution can play in this is very important. Provisions for this have been provided by the Sri Lanka Standards Institutions Act No. 06 of 1984.

However, this performance audit has been conducted to examine the manner in which the Standards Institution has acted in implementing the provisions of the Act and achieving the objectives stated in the Act.

Accordingly, there were instances of release of imported goods to the market prior to the issuance of test reports during the inspection of imported goods, deficiencies in the issuance of the Certificate of Standards, management deficiencies, delay in conducting laboratory tests, minimum level of market inspections, reduction of awareness on the use of pre-standards, test reports This report makes observations on issues such as the failure to deal with the goods properly.

Informing the relevant parties about the importance of obtaining the Product Certificate logo of the Sri Lanka Standards Institution to minimize the problems that may arise in connection with the above observations, further strengthening the mechanism for awarding the logo, strengthening coordination with other relevant affiliates and issuing product certification logos and this report makes recommendations on how to provide the necessary resources institutionally for conducting and laboratory testing and thereby expedite those processes.

## **2. Background**

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### **2.1 Introduction**

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Production and introduction of various products in the world is rapidly advancing under various technological advances. It is important to evaluate how well the new product and product are good for the human body and the environment. Various ordinances have been enacted in Sri Lanka for this purpose and specialized agencies have been established for this purpose. Depending on the nature of the goods, the product and the imported goods should be inspected by which company. The Sri Lanka Standards Institution is one such institution.

Obtaining the Sri Lanka Standards Certificate from the Consumer Affairs Authority of Sri Lanka and the Ministry of Internal Trade is issued in the Gazette Extraordinary

Order No. 2064/34 issued on 29th March 2018. Of these, 48 were food items and 74 were non-food items.

The Sri Lanka Standards Institution sets the Sri Lanka Standards and certifies whether the goods are manufactured in accordance with that standard. Manufacturers must obtain the SLS logo on the products for which certification of standards is required. Relevant inspections are also carried out by the Product Standards Agency, which is mandated by the Department of Internal Trade / Consumer Protection. In addition, other agencies also obtain the Certificate of Standards to face competition. Also, locally manufactured products are tested to determine compliance with any of the processing rules and practices used in the manufacture of merchandise, as well as to the standards for testing and quantification of sophisticated instruments, measuring instruments and scientific instruments. Issuing certificates, arranging or facilitating such activities are among the primary functions of the Standards Institution.

The Sri Lanka Standards Institutions Act No. 06 of 1984 had identified the following as the objectives of establishing the institution.

- a). To formulate standards on a national and international basis in relation to design, commodity, practice and process and to revise, modify and revise them from time to time and to promote general adherence to those principles.
- b). Promoting standardization and quality control in the industrial and commercial sectors.
- c). Establishment and maintenance of laboratories and libraries for the purpose of expanding standardization and quality control practices and providing related facilities.
- d). Products, including locally manufactured or imported foodstuffs and pharmaceuticals, including other commodities, as per the Intellectual Property Code Act No. 52 of 1979 or the Quality Standards or Other Standards as well as locally manufactured products, Commodities Provide facilities or facilities for testing to

determine compliance with processing procedures and any other written rules of practice.

- e). To arrange or facilitate the inspection and quantification of sophisticated instruments, measuring instruments and scientific instruments and the issuance of certificates in accordance with the prescribed standards.
- f). to provide or arrange facilities for undertaking research in connection with standardization and quality control.
- g). to operate a certification mark scheme in accordance with the relevant provisions of this Act.
- h). to certify the quality of commodities, commodities, products, products and other items for domestic consumption or export.
- i). Encourage and promote standardization and quality control through education, counseling and other means.
- j). The institution shall be established for certain purposes and to make arrangements for cooperation with persons, associations or organizations outside Sri Lanka with similar objectives.
- k). Coordinating the efforts of manufacturers and users to improve the quality of commodities, products, equipment, refineries and methods.

This report is prepared and issued to assess the extent to which the organization has been able to achieve these objectives effectively, despite engaging in various forms of service delivery to achieve these objectives set out in the Act.



## **2.2 Reason for choosing the title**

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This performance audit was conducted to examine the implementation of the provisions of the Sri Lanka Standards Institutions Act No. 06 of 1984 and the success of the Sri Lanka Standards Institution in achieving the objectives stated in the Act.

## **2.3 Authority for Audit**

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This performances audit was conducted under my direction in accordance with the provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and the National Audit Act No. 19 of 2018.

## **2.4 Audit Objectives**

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The performance of the following objectives is discussed through the observations in this report.

- a). Evaluate whether adequate legal provisions have been made to achieve the objectives of the institution successfully and its legal background
- b). Whether the planning process has been established to achieve the objectives of the institute
- c). whether guidelines have been prepared to provide proper guidance for the clear and systematic implementation of the organization's plan and whether it contains adequate facts.
- d). Whether there is a certification system in place to deliver the goods in a manner that protects the customer within the standard certification system

- e). Sample tests performed by laboratories to assess the feasibility of achieving the relevant objectives in the relevant methodology and testing of materials which cannot be tested in laboratories.
- f). Evaluate ensuring consumer protection in creating a fair market

## 2.5 Audit Criteria

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This audit was conducted based on the following criteria.

- a). Act establishing the Sri Lanka Standards Institution No. 06 of 1984
- b). Extraordinary Gazette Notification of the Democratic Socialist Republic of Sri Lanka No. 2064/34 dated 29 March 2018 issued under the Import and Export Control Act No. 01 of 1969
- c). Guideline No. GL - II - 04 issued by the Sri Lanka Standards Institution on 01 April 2010
- d). Standards imposed on food, medicine and goods
- e). The Budget of the Sri Lanka Standards Institution for the year 2019 and the Action Plan prepared accordingly.
- f). Provisions of the Consumer Protection Act No. 01 of 1979

## 2.6 Scope of Audit

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Quality of Imported Goods are not compliance with Sri Lanka Standards, Evaluation of Performance Testing of Imported Goods, Sales and Advertising Activities Implemented by institutions such as Institute of Sri Lanka Standards and other related Institutions, Department of Sri Lanka Customs, Ministry of Consumer Affairs The transactions from January 2019 to June 2021 have been examined in relation to dealing with. Here the items selected on the basis of the sample were examined in depth.

## 2.7 Related Entities

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Institution	Role of the Institution in brief
Sri Lanka Customs.	Working with the Sri Lanka Standards Institution in releasing imported goods
Consumer Affairs Authority	Updating the list of goods that must be certified to the standard, conducting market inspections on the goods, studying the deficiencies observed, the action taken on the rejected goods etc.

## 3. Audit observations

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### 3.1 Organizational Background and Preparation

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#### 3.1.1 Legal background

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The Sri Lanka Standards Institution has been established in accordance with the Sri Lanka Standards Institutions Act. Also, the provisions of the Import and Export Act No. 01 of 1969, as amended by the Import and Export Act No. 48 of 1985, have given the Sri Lanka Standards Institution the powers and functions to inspect the quality of imported goods.

Also, in accordance with the provisions of the Consumer Protection Act No. 01 of 1979, it is mandatory to obtain the Sri Lanka Standards Certificate. Accordingly, the Sri Lanka Standards Institution had prepared a guideline on imported goods.

The following functions were identified in accordance with No GL - 11-04 of the Guide Line.

- i) When a manufacturing company imports a consignment, if there is a Certificate of Conformity obtained by that manufacturing company from a government agency, laboratory or testing institute registered with the Sri Lanka Standards Institution in that country, the consignment will be allowed to be sold or used without inspection and when the consignment is made Performing a sample test as one in 03.
- ii) If the relevant manufacturing company has obtained the Certificate of Conformity in accordance with the specifications of the Sri Lanka Standards Institution from the National Standards Institution of the country in which the goods are exported with respect to the import consignment, to give approval for sale or use without stock inspection and to carry out a sample test on 03 occasions
- iii) If the manufacturer of the goods is registered with the Sri Lanka Standards Institution and has obtained a Certificate of Conformity, it is approved for sale or use without inspection, one sample test is done on each of the five occasions when the consignment is imported.
- iv) If the product is manufactured in accordance with the specifications of the Sri Lanka Standards Institution and the Product Certification Mark has been obtained from the National Standards Institution of the country of manufacture, the goods are approved for sale or use without inspection and carrying out one sample test for each of the 08 imports and one sample test for each of the five instances if the product has the logo of another country.

The performance of the manufacturer, laboratories and importer's past transactions are also taken into account in determining the size of the sample tests and the following observations were made during the audit.

- a) Under the first classification of the Guide Code, “Foreign laboratories, research institutes or other government agencies that issue certificates of conformity for imported goods should be registered with the Sri Lanka Standards Institution”, Only two certification agencies for brown sugar were so registered. Certification agencies for Canned Fish were not registered.
- b) Under the third classification of the Guidelines, if the manufacturing company is registered with the Sri Lanka Standards Institution and obtains a Certificate of Conformity when importing goods, it will be allowed to sell or use without a sample test and random inspections will be carried out on 5 occasions when the consignment is imported. From January 2019 to June 2021, Brown Sugar was imported on 1014 occasions by 89 companies and no manufacturer was registered with the Sri Lanka Standards Institution and obtained a Certificate of Conformity and detailed sampling was carried out only 49 times. From January 2019 to June 2021, Canned Fish was imported from 36 manufacturing companies on 1522 occasions under 48 brand names and 05 manufacturers were registered for only 20 brand names. The other 31 unregistered manufacturers also imported 4,395,416 containers valued at US \$ 92,205,253.54, although detailed sampling of the Canned Fish had not been carried out. It was 5% and 0% for Brown Sugar and Canned Fish, respectively.
- c) On 31 occasions when Brown Sugar had been imported for non-compliance with all four instances in which the consignment stock was allowed to be sold or used without inspection, where as 6323.3 metric tons of Brown Sugar valued at US \$ 2,391,388.95 had been released without testing.
- d) As imported goods are released to the market with the approval of the Sri Lanka Standards Institution, it was observed that the company does not have a proper guideline or methodology to ensure that the imported goods are not released to the market until the inspection report of the Standards Institution is received.

### 3.1.2. Institutional methodology

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- a) A computer database has been introduced in the year 2018 to facilitate the marketation of imported goods, but so far only the data up to the point of sampling has been included in the database. It was observed that after the sample test, approvals based on the test results, re-sampling, refusal of goods and recommendation for re-export are not made through the relevant database till the audit date of May 2021.
- b) It was observed that although there should be a good interrelationship between the Sri Lanka Standards Institution, the Consumer Protection Authority and the Sri Lanka Customs on all imported goods, but there is no such system in place. As a result, there is a high risk of substandard goods being released into the market and instances of such substandard goods being released into the market were observed during the inspection of Sri Lanka Customs files. The Standards Institution had not developed a suitable methodology for follow-up in this regard.
- c) Obtaining the Certificate of Product Certificate (SLS) of the Sri Lanka Standards Institution (SLS) for the imported food item is mandatory, but obtaining the Product Certification (SLS) of the Sri Lanka Standards Institution (SLS) for any imported food item in order to import high quality hygienic food items into the country. It was observed that the LT - PC - 01 Product Certificate issued by the Sri Lanka Standards Institution on 01 January 2019 was not compulsory according to the list of mandatory products.
- d) In the first instance of importation of goods from a new manufacturer, an internal design was not observed, which explained when such a test should be repeated and when such tests should be performed in between.

### **3.1.3 Institutional plans**

#### **a). Functional and financial plans**

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As of December 2019, the number of SLS branded items was approximately 1105, but the number of market trials was relatively low and the estimated number of inspections carried out in 2016, 2017 and 2018 according to the action plans to carry out market inspections on the quality of the products under the Product Certificate logo are 40, 60, 48 and the actual number of tests conducted are 19, 39, 35 respectively. Furthermore, market inspections were not planned for 2019 and as a result, the audit observes that low quality products are more likely to be released into the market.

#### **b). Human Resource Plan**

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A staff of 393 has been approved to carry out the objectives and functions provided by the Sri Lanka Standards Institution Act No. 06 of 1984 for the Sri Lanka Standards Institution. These employees directly contribute to the performance of the functions of the Act and there are 106 vacancies which contribute to the vacancies as on 31st July 2021. As a result, delays and reductions in corporate objectives were observed such as expeditious laboratory testing, reporting, standardization, revision, identification of substandard products through market testing, and efficient implementation of import-export testing methods where as there were limitations and delays in obtaining laboratory reports

#### **c). Improvement of laboratory facilities**

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The Sri Lanka Standards Institution has paid a sum of Rs.169,165,333 which are Rs.168,000,000 to the Urban Development Authority for the purchase of 03 acres of land in Halbarawatta Malabe area for the construction of a laboratory building and in addition Rs.1,165,333 have been paid for make a fence around the land by the end of 2018, but it had not been possible to take over the rights to the company by 31 July 2021. As a result, the objective of constructing a laboratory building for the efficient conduct of chemical tests, which are a key component of institutional work, had not been achieved. Also, the

institute had to carry out laboratory tests under the limited facilities available and as a result, there were limitations and delays in obtaining independent laboratory reports.

In addition, an external building was leased as a temporary solution for conducting laboratory tests at a cost of Rs. 11,400,000 had to be spent.

## **3.2 Activity of the organization**

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### **3.2.1 Issuing laboratory reports**

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Samples were tested in each of the laboratories established by the institute and a sample audit was conducted on the issuance of test reports and, in this sample process in the year 2019, totaling 839 laboratory reports including 100 food laboratory test reports, 184 electrical device test reports, 256 test reports on chemicals, 218 microbiological test reports, and 81 test reports on the quality of raw materials used in production have been used.

According to paragraph 3.14 (1) of the Sri Lanka Standards Institution's Import Inspection Guide, the sample should be sent to the relevant laboratory on the same day or the day after with the request letter, although there were 481 instances of delays ranging from 03 days to 183 days. There were 359 delays in the range of 03 days to 130 days for the commencement of investigations and 130 delays in the range of 06 to 77 days for the commissioning of tests despite receiving samples. 169 instances of delays in the range of 03 to 105 days for completion and completion of reports, 72 instances of delays in the range of 05 to 41 days for preparation of test reports and certification by the head in charge of the laboratory, assignment date and commencement of tests There were also 48 delays ranging from 7 days to 30 days. Due to these delays, instances of substandard goods being released into the market were observed.



### 3.2.2 Obtaining the Product Certification Logo (SLS Certificate)

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According to Gazette Notification No. 746 / 4-1992 dated 21st December 1992, it is mandatory to obtain the Product Certificate (SLS Certificate) for local Canned Fish and Brown Sugar. The following facts were observed while checking the brand data in the possession of the Consumer Affairs Authority and the list of brands currently certified by the Sri Lanka Standards Institution.

- a) By 31 December 2019, according to the information of the Consumer Affairs Authority, locally produced Canned Fish will be released to the market under 14 brand names, out of which, by June 30, 2021, the brand name (SLS certificate) has been obtained for only 5 cases. Nine brands of Canned Fish included in the sample had not been certified.
- b) The Consumer Affairs Authority has been informed that the brand names for brown sugar sold in the market are not under the control of any local manufacturer of brown sugar in Sri Lanka, although there are three production certificates (SLS certification) and the Sri Lanka Standards Certificate. It was observed that it was not obtained by any institution. Accordingly, it appears that even the standardized products are not inspected by the Standards Institution for quality.
- c) The Public Safety and Quality Assurance (SLS Certificate) Product Awareness on the Removal and Prohibition of Prohibited Goods Products, even if the functions contained in the Act, facilitate the issuance of high-quality products to the market but such a system (Newspaper, Advertising, Internet, Radio, Television Awareness) had not been prepared and implemented by the Sri Lanka Standards Institution.
- d) Doctors' claims on social media and in newspapers that there are a wide range of products (food and non-food) in the market today that are detrimental to public safety and health, but also require mandatory sampling of those products or the product certification mark (SLS Certificate). The Standards Institution had not made any proposal or recommendation to make it mandatory.

### **3.2.3 Use of standards**

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There are 4100 CS (Ceylon Standard) and SLS standards issued by the Sri Lanka Standards Institution and it was revealed in the audit that between 500 - 600 of the standards issued during the standard sales evaluation for the three years 2017, 2018 and 2019 are not in use. Failure to take advantage of the standards set by the standards body over a period of time, labor and cost implies that such non-regulation of product standards has allowed non-standard products to enter the market without hindrance. Examples of such products are gas, coconut oil, various electrical appliances, milk powder, etc.

### **3.2.4 Marketing and promotion activities**

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The Marketing and Promotion Division should educate local manufacturers and the public in accordance with the action plan to be prepared based on the integrated plan to be prepared in line with the objectives of the Sri Lanka Standards Institution. Following is the progress of the performance of the activities included in the Action Plan with respect to the promotional activities carried out during the period from January to October 2019.

- a) Only 06 activities related to public awareness were conducted on the role and importance of the Standards Institution associated with the media.
- b) Fifteen exhibitions were involved during the relevant period and the files did not observe what was displayed in those sales stalls.
- c) 30 programs were conducted under the promotion of local manufacturers and those programs were conducted at the request of the respective institutions targeting the export market.

The audit observed that there was a low level of consumer or public awareness and local manufacturers working in the local market regarding the objectives of the company, which are Sri Lankan standards.

Considering the programs done by the marketing department, it was observed that most of the programs were for profit oriented. That is, programs launched to increase their clients. As well as communicating information relevant to the general public through the functions of the Sri Lanka Standards Institution as the primary party that provides assurance of the quality of the goods and services consumed by the general public on a daily basis, through that communication in selecting, purchasing and consuming any product and the customer must act with full awareness. But Due to the inadequate marketing promotion activities of the Sri Lanka Standards Institution that right of the public had not been secured to the expected level.

### **3.3 Creating the background for a fair market**

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#### **3.3.1 Rejected Goods**

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During the period from January 1 to September 30, 2019, there were 73 items imported, prohibited for use or sale due to non-compliance with Sri Lankan standards and the following were observed during the action taken by the Sri Lanka Customs in this regard.

- a). Out of 73 cases, investigations have been initiated for 49 cases and only 7 cases have been completed. It was reported that re-exports were made only on two occasions.
- b). It was observed that there was a delay of 09 months to 1 month in the commencement of investigations into the rejected letters sent by the Sri Lanka Standards Institution from January to September 2019. (Annexure 01)
- c). Examination of the rejected letters revealed that the importer had failed to provide the samples requested for re-examination. Accordingly, it is observed that the goods have been released to the market even at that time.

Failure to report inspection letters sent by the Standards Institution to the Customs and other liaison agencies due to non-compliance by the Standards Institution, non-follow-up by the Standards Institution and lack of understanding by some importers of the Standards Institution's methodology. Observations were made on such releasements or occasions of utilization of such goods. Following are the details of three such cases.

<b>Entry No.</b>	<b>Case No.</b>	<b>Description</b>	<b>Observation</b>
19/5929	ENSP/CPU/MISC/17/ 2019	90 PLS Socket Outlets	The letter of denial was sent on February 15, 2019. The Customs had commenced investigations into the goods in October 2019. Even then, the Standards Institution had issued a letter to the market on 15/02/2019 informing them to export the originals, regardless of the letter.
979671	ENSP/CPU/ 2019/ 00033	835 Cartons Ceramic Tiles	By the time the Sri Lanka Standards Institution issued a letter on 15/05/2019 stating that the sale or use was prohibited, the relevant stock had already been used. It was informed that it was used as it took about 06 months to get the recommendation from the Standards Institution and the relevant work (house

			building) needed to be completed soon. On October 2, 2019, Customs called the Consumer Protection Unit but he did not show up.
18/2127	ENSP/CPU/ 018/2019	962 Cartons Ceramic Tiles	Rejection letters were sent on 12/04/2019 but due to lack of understanding of SLSI procedures, the importer had sold the entire consignment before receiving the SLSI decision.

d). Letters sent by the Sri Lanka Standards Institution to the Director of Customs of Sri Lanka should be checked to see if any action has been taken to destroy the re-export or any other work to be done. Instead, the importer was asked to bring the company's registration details, item details, invoice details and packing list and other information to the Customs. It took some time for the importer to arrive and on 15 occasions there were instances where the responses not received to the letter. (Annex 02)

e). The Sri Lanka Standards Institution had written to the Sri Lanka Customs informing them that it was not responsible for the quality of the 12 items due to the importer not making the necessary arrangements to check the compliance, which took between 02 and 08 months. That was observed on the date of importation of the goods (Notification Date) and the date on which the inspection reports were issued. It is observed that due to delays in the inspection reports of the Sri Lanka Standards Institution and delays in custom affairs and the failure of the Standards Institution

to be responsible for such goods, there is a high risk of substandard goods being released into the market. (Annex 03)

### **3.3.2 Occurrences due to quality issues of goods**

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Following are the relevant observations regarding some of the essential items tested in the sample.

#### **3.3.2.1 Gas related regulation**

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The use of gas as a major energy source in urban and suburban areas is fundamental and there are no other alternatives. Also, having only two suppliers for gas has created a monopoly market, which can have a profound effect on pricing. Against this backdrop, people have been exposed to unusual gas-related hazards due to the current problem with the quality of gas. Following observations are made in this regard.

- a) Obtaining the Sri Lanka Standards Certificate although the list of mandatory items was specified by the Consumer Affairs Authority, the list did not include devices such as domestic gas or gas regulator and gas pipe and only the standard of the empty gas cylinder. Therefore, although Sri Lankan standards have been developed for domestic gas and other devices mentioned above, no methodology has been observed to use those standards or to test the standards.
- b) Litro Gas Company, the main supplier of LP Gas to the market, imports LP Gas to Sri Lanka and LP Gas energy was not included in the list of import checks issued by the Board of Imports and Exports. Therefore, it was observed that the import test would not affect the gas either.
- c) Thus, although there should be proper regulations regarding Gas energy that are very close to the life of the people as a primary energy source, the use of these fuels

is currently at risk due to the lack of regulation regarding the composition of the gases and the devices use for LP Gas.

Also, the law pertaining to the intervention of the Sri Lanka Standards Institution to test the composition of gases and the inclusion of provisions did not occur until these problems with domestic gas arose. Conducting periodic surveys in coordination with the Consumer Affairs Authority, Board of Import and Export Board and Sri Lanka Standard Institute to identify the required standards for products and innovative consumer products (eg hand sanitizer, mouthwash, etc.) that are subject to change in consumption patterns and technological changes as a function and such a methodology has not been implemented till date.

Despite the legal provisions for inspect the composition of domestic gas have been provided to Sri Lanka Standard Institute after arisen of domestic gas accidents, it is observed here that Sri Lanka Standard Institute should expedite the improvement of the facilities required to perform that function.

### **3.3.2.2 Imported milk powder**

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Maliban Dairy (Pvt) Ltd. has applied for the Sri Lanka Standards Certificate for the brand name Maliban Nonfat Milk Powder on 26/07/2011, but due to that according to the Dietary Regulations 2005, the label on the product's 'Fit & Slim Tips Enclosed' and the fact that drinking 2 glasses of Maliban Nonfat Milk daily will help you to maintain a healthy, strong and fit body (Sinhala and English) but due to the notice issued by the Standards Institution to obtain the Certificate of Standards by making changes in the labeling of pictorial presentations of persons with slim bodies on the back and front side, in a letter dated 31/01/2019, the manufacturing company stated that it was not necessary to proceed with the procedure for obtaining the SLS Standards Certificate. However, it was observed that the product under the brand name Maliban Nonfat Milk Powder is already available in the market without any of the above changes.

### **3.3.2.3 Porcelain**

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Out of 270 instances of Porcelain Tableware imported between August 2019 and October 2020, the net weight was 152 times on completion of the Quality Testing Procedure the net weight of K.G. 1,566,258.40 and valued at US \$ 849,623.74 was selected during the audit as a sample and it was observed that only 75% of the heavy metals were tested. There are 16 tests to consider compliance with Porcelain Tableware in Sri Lanka Standards 1222: Part 1: 2001 (Sri Lanka Standards 1222: Part 1: 2001), but one of them was only the content test performed for Lead and Cadmium test.

Accordingly, despite the recommendation of 16 tests to ensure quality by standard, the determination of the quality of imported porcelain items on the basis of one test was problematic during the audit.

### **3.3.2.4 Grain Foods**

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Also, the sample test for renewal of the license for a processed Cereal Food product whose license had been revoked by 31 December, 2017 had been renewed on 15 July 2018 and the test had failed as a result of the test result. Accordingly, it was informed in November 2018 that the license would not be extended again, 11 months late from the date of revocation of the license. There was no written evidence that the Consumer Protection Authority was notified that the license had been revoked. In response to the license revocation letter, the manufacturer had asked for permission within three months to use packages with the printed SLS logo, but the standards body had approved the application to apply for a new license after correcting existing errors. However, there was no evidence that the market had conducted a sample test to determine whether the products would be marketed with the SLS logo within the 17 months from the date of revocation of the license to the relevant products but it was observed in the audit that the product is sold with the SLS Logo until May 2019.



In addition to the above products, the most talked about items in the society regarding such items detected are Rice, other Milk Powder, White Sugar, Wheat Flour, Rice Bran, Dried Fish, Agrochemicals, Noodles, Palm Oil, Dried Chilies, Vegetables and Fruits, Hygiene. Items, Coconut Oil and can be specified.

Due to the fact that the SLS logo is not mandatory for most products on the market, Non-standard products are allowed to enter the market and may have to include other external factors that may attract the customer instead of following the standards established by the Institute of Sri Lanka Standards and businesses were motivated and allowed to use the media forcefully. Also, market inspections by the Institute of Sri Lanka Standards should be carried out to ensure that the goods have been released to the market in accordance with the standards, but if not, this would have avoided standards issues that could have been verified by the interventions other than public complaints.

#### **4). Recommendation**

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- a). Registration of manufacturing companies to carry out sample tests in accordance with the guidelines of the Sri Lanka Standards Institution regarding the quality and health safety of the products and to ensure that they comply with the specifications approved by the Sri Lanka Standards Institution and taking necessary steps to inform the importing countries to obtain the Product Certificate logo of Sri Lanka.
- b) According to the Guidelines, the most reliable, quality and healthiest methods of importing goods and the two methods which "The manufacturer of the product has been registered with the Sri Lanka Standards Institution and obtained a Certificate of Conformity and obtained the Product Certification Mark" from the National Standards Institution of the country of manufacture in accordance with the specifications of the Sri Lanka Standards Institution for the product being manufactured taking action to implement this methodology of importing goods based on the company.

- c). Prior to the issuance of inspection reports due to the high cost of warehousing, there were instances where the importer was allowed to take the goods to his warehouse and if so, appropriate security measures were taken to ensure that the goods would not be released to the market until the results of the inspection reports were received. Preparation of a program by the Standards Institution.
- d). Implementing a program to maintain a good relationship between the Sri Lanka Standards Institution, the Consumer Protection Authority and the Sri Lanka Customs to ensure that high quality hygienic imported goods are released into the market.
- e). Take action to make the necessary recruitments expeditiously and independently.
- f). Delays in the issuance of laboratory reports may result in the release of goods in the importer's warehouse to the market, expiration of certain items and changes in the quality of certain items. Therefore, action should be taken to issue laboratory reports without delay to reduce the risk of substandard products being released to the market.
- g). Products that have the standard logo mandatory and have the standard logo checked periodically in the market to see if they are registered under the SLS logo, whether the logo is prohibited, whether the registration is out of date, or whether the logo is being used without registration. Implement an appropriate mechanism to educate the public in collaboration with the Consumer Protection Authority.
- h). Establish an appropriate system to inform the public from time to time about the types of goods that have been certified annually and what are the essential items for obtaining the standard certification and the items that are essential but have failed to obtain the standard certification.

- i). Take action to obtain the necessary legal authority for the Standards Institution to make suggestions and recommendations to the relevant agencies responsible for the standardization of the Standard Symbol (SLS) in the Compulsory Goods Market.
- j). That an appropriate methodology should be devised to increase the quantity of market inspections being carried out. Inspecting the samples obtained from the market in addition to the samples provided by the relevant manufacturer in obtaining the standard logo and obtaining reports and taking those reports into consideration while issuing the standard certificate.
- k). That manufacturers in all sectors should be made aware to present a high quality product to the market through the use of standards. Also educating the public to consume standard certified products.
- l). Focus on raising consumer awareness and raising awareness of local manufacturers through more cost-effective and accessible media that can reach the general public.
- m). Develop a systematic mechanism to ensure that substandard goods are not released to the market as the standards body has the responsibility to protect the quality of the goods from the point of manufacture to the time of going to market.
- n). Coordinate closely with the agencies responsible for preventing unsuitable products from entering the market.
- o). Focusing on the need to amend the Sri Lanka Standards Institution Act to suit the present situation.

**Sgd./W.P.C. Wickramaratne**  
**Auditor General**

W.P.C Wickramaratne

Auditor General

24. February 2022

## Annexure 01

SLSI Entry No	Rejection Letter Date	Description	Case Registered Date	Delay (Month)
SLSI/19/5929	2019/02/15	90 Pcs Of International Socket outlet	2019/10/14	08
976557	2019/01/16	80 Coils of Hot Dipped Galvanize Iron wire	2019/10/10	09
SLSI/19/13363	2019/06/03	150 PCS Of Modular Socket	2019/08/28	02
SLSI/19/3811	2019/05/15	9828 Boxes of Ceramic Tiles	2019/10/06	04 1/2
SLSI/19/10798	2019/06/19	600 Sets of Porcelain Tableware	2019/10/07	04 1/2
SLSI/18/3200	2019/01/31	3720 Cartons 'Markfed ' Brand	2019/06/02	04
SLSI/19/4824	2019/06/12	1400 CTN Porcelain Table ware	2019/07/17	1 1/2
SLSI/19/11620	2019/06/19	Porcelain Tableware	2019/10/07	03 1/2
974581	2019/08/27	3368 PCS of Protective Motor cycle Helmet	2019/10/10	1 1/2
978235	2019/04/10	1017 PCS of Protective Motor Cycle Helmet	2019/05/21	1 1/2
SLSI/19/5682	2019/05/21	215 CTNS of Ceramic Ware	2019/10/06	4 1/2
SLSI/19/8533	2019/04/12	1150 CTNS Of Porcelain Ware	2019/10/08	06
974531	2019/08/27	3368 PCS of Protective Motor Cycle Helmets	2019/10/10	1 1/2
977431	2019/05/24	2217 PCS Of Galvanized Steel Pipes	2019/10/06	04 1/2

**Annexure 02**

<b>SLSI Entry no</b>	<b>Case Number</b>	<b>Case Registered Date</b>	<b>Item</b>	<b>Importer</b>	<b>Letter Sent Data</b>	<b>Current Status</b>
19/9717	ENSP/CPU/050/2019	2019/07/17	1400 Cartons of Round 9' Soup plates	Inoventic Lanka PVT Ltd	19/07/17 19/07/23	Even until the audited date of 2019/11/20 Not available.
976557	ENSP/CPU/MISC/18/2019	2019/10/10	80 Coils of Hot Dipped Galvanized Iron Wire	Atlas Trade Centre	2019/10/14	Do
14742	ENSP/CPU/067/2019	2019/09/30	458 PLS Of Vacuum Flask	Barakath Tex PVT Ltd	2019/10/08	Do
19/6786	ENSP/CPU/059/2019	2019/08/08	360 Boxes of Ceramic Tile	SS Enterprises	2019/08/08 2019/09/29	Do
19/5322	ENSP/CPU/009/2019	2019/02/27	19 PLC of Protective Motor Cycle Helmet	Arshad Enterprises	2019/03/14 2019/08/27	Do
19/13363	ENSP /CPU/MISC/002/2019	2019/08/28	150 Pcs of Modular Socket		2019/08/28	Do
19/8533	ENSP/CPU/MISC/19/2019			Falms Internatinal PVT Ltd	2019/10/08	Do
18/2172	ENSP/CPU/018/2019	2019/04/30	550 Soup Plates (9')962 Cartons ceramic tiles	Mac Enterprises	2019/08/19	Do
979671	ENSP/CPU/2019/00033	2019/06/10	Ceramic Tiles 8 Cartons	Dguamic Drends	2018/09/20	Do
19/18526	ENSP/CPU/069/2019	2019/10/10	3680 Cartons Canned Flash	P.M Mohanmedali & CO	2019/10/17	To be inspected by Food Controllers

974581	ENSP/CPU/0 71/2019	2019/10/10	Motor Cycle Helmet	Gagiki Holdings	2019/10/08	Even until the audited date of 2019/11/20 Not available.
977431	ENSP/CPU/0 32/2019	2019/10/06	2217 PCS Salvanized Pipe	Mega Services Lanka PVT Ltd	2019/09/23	Do
19/5493	ENSP/CPU/2 019/00049	2019/07/12	(6 Packets of Hot Rolled Alloy Steel wire rode	Rock Kat PVT Ltd	2019/06/26	Do
19/3811	ENSP/CPU/2 019/00034	2019/10/06	Ceramic Tiles 1051 Dark (Zplts)1353 Highlight (2plts ) 1333 Dark blue	Sanshi clearing &Transportes	2019/06/10 2019/09/26 2019/10/25	⊕⊗
19/8533	ENSP/CPU/2 019/00019	2019/04/30	550 CTNS Of 9' Soup Plates	Falms International PVT Ltd	2019/05/02 2019/08/19	Do

## Annexure 03

<b>SLSI Entry No</b>	<b>Notification Date</b>	<b>Letter Send Date</b>	<b>Product</b>	<b>Importer</b>	<b>Brand Name And Quantity</b>
978448	2018/10/16	2019/03/15	Sewing Thread	Sea Thread	06 CTNS
974556	2018/08/07	2019/03/12	Pipe Fittings	Ceylon Electricity Board	11 KG
974557	2018/08/07	2019/03/12	PVC Pipes	Ceylon Electricity Board	02 Pkgs
979979	2018/11/15	2019/01/22	Cistern Fittings	Sino Trading	156 CTNS
979590	2018/11/09	2019/07/18	Porcelain Ware( mugs )	A j Enter Prices	864 PLS
SLSI/18/1699	2018/12/11	2019/06/03	Helmet	Decathlon Lanka Sport Access (PVT) Ltd	1538 PLS
979367	2018/11/05	2019/06/03	Vacuum Flask	New Sun Traders	New sun 180 Pcs
SLSI/19/9664	2019/03/29	2019/08/2	Ceramic Tiles	AFSHEEN Tile	YAN 2880 Bakes
980103	2018/11/19	2019/03/04	Ceramic Floor Tiles	Sun Ward Trading (PVT)Ltd	SUN WARD 4380 CTN
980105	2018/11/19	2019/03/04	Ceramic Floor Tiles	Sun Ward Trading (PVT)Ltd	SUN WARD 3830 CTN
974861	2018/08/13	2019/03/14	Cricket Helmet	DIMATH Sports (PVT) Ltd	150 CTNS
SLSI/19/9019	2019/03/25	2019/07/18	Ceramic Tiles	Mac Enterprises	1968 CTN