Annual Report 2011

Sri Lanka Accreditation Board
for
Conformity Assessment

Ministry of Technology and Research

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INTRODUCTION	The Sri Lanka Accreditation Board for Conformity Assessment (SLAB) which is the Accreditation Authority for Sri Lanka was established under Act No. 32 of 2005. SLAB functions under the Ministry of Technology & Research and is governed by a 13 member Governing Council appointed by the Minister as per the SLAB Act. The Director/Chief Executive Officer of SLAB functions as the Secretary to the Council. Establishing this national organization was necessary to assure the completeness of national quality infrastructure in the country for facilitating international and domestic trade in the provision of goods and services and to remove quality related non-tariff barriers which would arise from conformity assessment activities such as testing, calibration, inspection and certification. In order to fulfill the above prime responsibility, SLAB has been entrusted with providing accreditation services to conformity assessment bodies such as testing and calibration laboratories, inspection bodies and certification bodies. In addition, SLAB is responsible for strengthening the other pillars of the national quality infrastructure namely the national standards body, the national metrology institute and regulatory bodies. In this framework, regulatory bodies hold a greater responsibility as they are nationally responsible for public health, occupational safety, environmental protection, fraud prevention, fair trading etc. as the case may be. In this context, as accreditation services are provided on voluntary basis and on the demand of consumers, interested parties and pressure groups, the regulatory bodies are required to continuously monitor and follow up the regulations while they are being implemented. Accreditation will be effective, only if manufacturers or service providers do comply with relevant standards attested through established conformity assessment procedures, when products and services are delivered. This third party attestation is performed by SLAB following the national and international standards. This whole mechanism will assure impartiality, competence, integrity, and credibility of conformity assessments. These assessments are conducted by competent assessors following the established assessment procedures. When such conformity assessments are conducted in a transparent manner, it is assured that conformity assessments are performed according to the internationally accepted accreditation principles and procedures. This will create ample market access and fair competition for goods and services. Finally, it delivers trust to the customers and other stakeholders. SLAB is located at No. 546/4, Galle Road, Colombo 03, Sri Lanka. Its correspondence details are as follows. Telephone – 0112 372 638/9, Director – 0112 372 680 Fax – 0112 372 629, Website – www.slab.lk

QUALITY POLICY	The SLAB shall be a service organization which is committed to providing accreditation services to its clients at the highest level of integrity, effectiveness and efficiency. While responding to the changing needs of clients, other stakeholders and the business environment, the SLAB is committed to providing accreditation services in accordance with international standards and principles. The SLAB is geared to actively and effectively participate in the work of international bodies in order to enhance international recognition. The SLAB shall provide an environment for staff members and assessors to upgrade their competencies continually to enable them to contribute in the activities of SLAB at the highest level of professionalism. The SLAB as a practice, will continually review its operational performance and the needs and demands of the environment in the areas of conformity assessment and accreditation services and effect appropriate changes for improvement.

“To be recognized as the leading Accreditation Body in the region and through its services facilitate domestic and International recognition and acceptance of products and services. To be innovative in responding to changing needs of the trade and industry, the State and General Public in providing Accreditation services for conformity Assessments.”	**VISION**
“To promote and provide Accreditation Services with International Recognition and to facilitate Conformity Assessments in the provision of Goods and Services for Domestic and Export Markets”	**MISSION**
Major tasks of the Board have been identified and stated as specific goals as follows. • To develop, establish, manage and operate systems of SLAB in compliance with ISO/IEC 17011 • To develop and implement accreditation scheme for testing and calibration laboratories based on ISO/IEC 17025 • To develop and implement accreditation scheme for medical/ clinical laboratories based on ISO 15189 • To develop and implement accreditation scheme for certification bodies of Systems based on ISO/IEC 17021 • To develop and implement accreditation scheme for certification bodies of Products based on ISO/IEC Guide 65 • To develop and implement accreditation scheme for inspection bodies based on ISO/IEC 17020 • To develop and implement accreditation scheme for bodies certifying persons based on ISO/IEC 17024 • To develop and implement accreditation scheme for Proficiency testing programmes based on ISO/IEC 17043 • To develop and implement accreditation scheme for bodies conducting training programmes related to competence of personnel involved in conformity assessments. • To develop and implement other accreditation schemes on the areas of national interest • To obtain international recognition for accreditation activities of SLAB and be a signatory to MRAs and MLAs of relevant international bodies.	**GOALS**

The SLAB Act	The Sri Lanka Accreditation Board for Conformity Assessment (SLAB) is the National Accreditation Authority for Sri Lanka established under the Sri Lanka Accreditation Board for Conformity Assessment Act No.32 of 2005. The Board functions under the Ministry of Technology and Research and is governed by a Council of thirteen (13) members appointed in terms of the SLAB Act No.32 of 2005. The Director is the Chief Executive Officer of the Board and the Secretary to the Governing Council.
Functions and Strategies	SLAB as the National Accreditation Authority for Sri Lanka, has the responsibility to promote accreditation activities and to provide necessary accreditation services to facilitate conformity assessments in the provision of goods and services for domestic and export markets. This covers accreditation of laboratories, certification bodies and inspection bodies providing various types of services to the industry, business community, the Government and the Consumer Public. In compliance with the Act, SLAB is required to perform the following strategies. • Carrying out accreditation of conformity assessment bodies in accordance with established International and National Standards. • Promotion of accreditation activities in conformity with the guidelines laid down in the National Quality Policy. • Acting as the national forum for co-operation and liaison in respect of conformity assessment. • Establishing competence in accreditation practices and assessment procedures through promotion and dissemination of technical knowledge. • Supporting and developing national systems for accreditation. • Concluding agreements on mutual recognition with similar foreign and International bodies. • Organizing, managing and conducting conformity and surveillance assessments for the purpose of granting, extending, reducing, suspending or withdrawing accreditation.

Address of the Chairman

Sri Lanka Accreditation Board was established with the objectives of strengthening the national quality infrastructure and facilitating trade in the provision of goods and services in the domestic and international markets. Accreditation of conformity assessment bodies would "ensure social sustainability in the activities of domestic & international trade". This is one of the goals/thrust areas of the Ministry of Technology and Research based on the Mahinda Chinthana – Vision for the future

Sri Lanka Accreditation Board (SLAB) completed the fifth year of its operations in 2011. We have achieved satisfactory progress during the past five years. Initially SLAB had to concentrate in recruiting and developing the competence of its staff and the documentation necessary for implementing different accreditation schemes in the country. Also, one of the critical factors at this time was the identification and training of external expertise on accreditation and assessment principles. Today SLAB has a pool of more than 100 trained expert assessors. This will be an ongoing process.

Key Achievements

In 2011, Sri Lanka Accreditation Board, initiated number of discussions with the controlling authorities of regulatory bodies which have a critical impact on the health & safety of people and the environment. Ministry of Health, Central Environmental Authority and Motor Traffic Department are some of the controlling authorities we engaged with.

As a result of this initiation the Ministry of Health identified the laboratories of the National Hospital in Colombo and government hospitals in Ragama, Kandy, Karapitiya & Ratnapura to develop and implement their laboratory management systems to comply with ISO 15189:2007 Standard to obtain accreditation. The medical Doctors who were trained by SLAB on accreditation principles also had made representation to the Ministry through their professional bodies in this regard.

The Ministry of Health is presently revising the Private Medical Institutions (Registration) Act. No 21 of 2006. Medical Laboratories are registered at the Health Ministry under this act. Director/CEO of SLAB was appointed to the committee formed to develop the new act. SLAB proposal on

Accreditation is voluntarily implemented all over the world. However, many governments realizing the importance of accreditation in facilitating international trade and ensuring the health and safety of the people have taken steps to incorporate this concept into existing regulations. This would make accreditation mandatory in an indirect manner. In 2011, with the blessings of the Ministry of Technology & Research, Sri Lanka Accreditation Board decided on principle to implement this policy.

implementing a phased out accreditation programme for private medical laboratories has been agreed on principle and will be taken into consideration when the new act is presented for approval.

Accreditation related to inspection of vehicle emission test centers is another important area which SLAB initiated during 2011. A Technical Committee was established to develop the necessary documentation for this purpose. Officials from Central Environmental Authority & Motor Traffic Department were included in this expert committee.

World Accreditation Day

The theme for the World Accreditation Day this year was "Supporting the Work of Regulators". This emphasized the need for incorporating accreditation concept into existing regulations. SLAB celebrated this event by organizing a Technical Seminar and an Accreditation Evening on 9th of June. The seminar was inaugurated by Hon. Pavithra Wanniarachchi, Minister of Technology & Research. The keynote speaker at this seminar was Mr.Venkat the Director of the National Accreditation Board for Certification Bodies in India. Hon. Minister also attended the Accreditation Evening along with the Secretary to the Ministry Ms. Dhara Wijayatilake to present the accreditation certificates to the recipients.

International recognition

The MRA signatory status of the International Laboratory Accreditation Corporation obtained for Testing & Medical Laboratory accreditation was maintained during the year 2011. An application was submitted to APLAC to obtain MRA signatory status for calibration laboratory accreditation during this period. Evaluation in this respect was carried out by three Assessors from Japan, India and Chinese Taipei towards the end of the year. I am confident that SLAB could achieve signatory status for calibration laboratories by mid-2012. Hence, the accreditation certificates issued by SLAB for Testing, Medical and Calibration Laboratories would be internationally recognized and expensive retesting abroad would be unnecessary when more laboratories obtain SLAB accreditation.

Appreciation

I would like to take this opportunity to thank my Council members for the support and expert contribution made towards the development of SLAB activities during the year. Work carried out by the members of the various accreditation/technical committees is commendable. These committees enhance the transparency of the SLAB activities which is one of the major attributes for a successful accreditation programme. The expert assessors were the key for successful evaluation of the management systems of various organizations that had applied for accreditation from SLAB. I wish to thank them for their participation. Also, the support received from the staff of the Ministry of Technology and Research is greatly appreciated.

Last but not least I wish to recognize and appreciate the hard work of the SLAB staff. Sri Lanka Accreditation Board could not have progressed this far in a short period of five years without your loyalty to the organization. I am confident of your continued contribution towards further improvement of SLAB activities in the future.

Didul Kodagoda
Chairman

Executive Summary by the Director/CEO

SLAB commenced its operations in January 2006 and in the year 2007 became fully functional in its operations. In the year 2011, it completed its 5th year of operations. While continuing to improve the accreditation schemes already launched, in 2011 more emphasis and focus was centered to strengthen the national quality infrastructure in the country which is a prime responsibility of an accreditation body and to promote accreditation more to regulatory functions. In this direction, in the year 2011, the competencies with and around SLAB were enhanced.

Accreditation facilitates in the provision of goods and services in domestic and international markets. To offer fully pledged accreditations in a country, the infrastructure that is necessary to support technical judgments by regulatory authorities should be strengthened. With the increasing demand on the quality of products and services offered both in the external and internal trade, more compliance with technical regulations, standards and other regulatory measures covering health, safety and quality is necessitated. In the regulatory systems, government authorities could easily implement regulations covering approval of products and services for reasons of health, safety, environmental protection, fraud prevention or market fairness.

"In the regulatory systems, government authorities could easily implement regulations covering approval of products and services for reasons of health, safety, environmental protection, fraud prevention or market fairness"

Accreditation is usually offered as a voluntary service. In voluntary systems, different sectors of the industry including service sector, establish conformity assessment and certification procedures aiming at achieving specified standards for products, processes and systems thereby enabling market access, comparability and ensuring competition on equal terms. These systems can be applied to trade in the provision of goods and services both within the economy as well as globally.

The provision of goods and services conforming to technical regulations (mandatory) or standards (voluntary) requires efficient and credible procedures for assessment of conformity to relevant stipulated requirements. Conformity assessment activities that include testing, inspection and certification, for voluntary or mandatory systems, are carried out by Conformity Assessment Bodies (CABs) having necessary competence to carry out such tasks. It is necessary for the purchasers, regulators and the public to know that these CABs are competent to carry out the tasks and perform such tasks in a transparent and credible manner. The accreditation provides due recognition and acceptance nationally and internationally to perform the above conformity assessment tasks based on internationally accepted principles and standards.

"more efforts were taken to build and provide metrological support necessary for smooth functioning of testing laboratories in the country"	The main challenge rested with SLAB is to maintain accreditation criteria and procedures acceptable to the international community and principles. One of the key tasks undertaken in this regard was the development, maintenance and improvement of manuals and procedures for the operations of SLAB and the identified accreditation schemes. In this regard, understanding and continuous monitoring of worldwide accreditation needs and update of international guidelines was necessary. Competence development of staff and assessors to carry out assessments for the purposes of accreditation was another major task, any accreditation body cannot neglect. Finding trained and qualified personnel in identified specialties for each and every scope sector or subsector and further training of them is a challenging task. In the year 2011, SLAB managed to maintain a competent and credible resource base despite of physical limitations and financial constraints. Based on the needs for accreditation which facilitates trade in goods and provision of services, different aspects of trade applications are assessed in the light SLAB's purpose and the mission. In the above direction, four (04) accreditation schemes covering Testing and Calibration Laboratories, Medical Laboratories, Certification Bodies and Inspection Bodies were offered based on the relevant International Standards.
"Competence development for assessment of medical laboratories is another major activity to be undertaken by SLAB"	The accreditation scheme for Testing and Calibration Laboratories continued to be the main activity area and has now penetrated into many scope sectors such as chemical products, food and agriculture, textile products, soil and fertilizers etc. In the year 2011, more efforts were taken to build and provide metrological support necessary for smooth functioning of testing laboratories in the country. The close relationships developed in this regard to improve the national metrological infrastructure in the country with the Measurement Units, Standards and Services Department (MUSSD), which is the National Metrology Institute (NMI) in Sri Lanka, would be immensely helpful. The reliability of Medical Laboratory Services is an area of concern in the health service sector. SLAB works in close co-operation with the Ministry of Health and the Department of Health Services in the assessment of Medical Laboratories. Moving forward, the Ministry of Health has now embarked on upgrading laboratories, initially in five (05) identified government hospitals. The Ministry of Health is in the process of developing systems at those laboratories and improving competencies of staff as required by the International Standard, ISO 15189. In addition, a phased programme for registration of medical/clinical laboratories, both in public and private sector has been proposed, in which SLAB will be entrusted with assuring impartiality and credibility of assessments. Competence development for assessment of Medical Laboratories is another major activity to be undertaken by SLAB.

As far as exports and imports are concerned, certification of systems and products is the key area where third party assurance for quality of products and services is sought at the stage of clearance. Still in Sri Lanka, a more dominant role is played by foreign accreditation bodies, as buyers at the receiving destination are keener on internationally accepted quality certificates. As a preventive measure, in 2011, SLAB has been taking steps to gain international recognition for its accreditation services by being admitted into the Multilateral Recognition Arrangement (MLA) with international bodies. The SLAB's strategy would be to emerge equivalent among foreign accreditation bodies and to be competitive in the accreditation industry. It is expected that certification agencies affiliated to foreign certification bodies facilitated with foreign accreditations would approach SLAB for obtaining accreditation services not only on quality service but also on cost benefit measures.

> "In the year 2011, SLAB was taking steps to gain international recognition by being admitted into Multilateral Recognition Arrangements (MLA) with international bodies and become equivalent and competitive in the accreditation trade"

The Accreditation scheme for inspection bodies which has a broad coverage of applications in the industry and the business community has not been geared as expected due to the low response from regulatory authorities. In spite of that in the year 2011 too, the potential use of accredited CABs by regulatory authorities as mechanism for effective implementation of technical regulations was identified as a key strategy for promotion of accreditation activity in the regulatory functions. In this respect SLAB works in close co-operation with regulatory authorities. Food safety inspection and Vehicle emission inspection are two new accreditation schemes which are still at developing stage. The specific criteria required to the above accreditation services are being developed with the involvement of professionals and experts in respective sectors.

> **"**The accreditation scheme for inspection bodies which has a broad coverage of applications in the industry and the business community has not been geared as expected due to the low response from regulatory authorities**"**

Complying with the Science, Technology and Innovation strategy of the Ministry for upgrading Research and Development (R&D) laboratories in the country and as a readiness project for improving R&D laboratories, an accreditation scheme for Good Laboratory Practices (GLP) was started and SLAB is now in the stage of developing accreditation criteria for GLP laboratories.

Since accreditation means demonstrated competence in performing the specific task, SLAB conducted a number of training programmes and workshops on the subjects of quality and accreditation. These programmes were aimed at SLAB assessors, staff of laboratories and other target groups. Competence development is essential for creating the basis for carrying out accreditation assessments. In addition, awareness and promotional programmes on accreditation for specific target groups were also conducted.

<table>
<tr><td rowspan="2">The Governing Council</td><td colspan="2">The powers and functions of the Board are vested in the Governing Council that consists of thirteen (13) members appointed by the Hon. Minister of Technology and Research under the provision of SLAB Act No 32 of 2005. The Governing Council meets every other month.

The constitution of the Governing Council is as follows.</td></tr>
<tr><td>Mr. Didul Kodagoda
Prof. Sirimali Fernando

Dr. Nirmali De Silva

Mr. Susantha Fernando

Dr. A M Mubarak

Mr. A P G Kithsiri

Mr. Asitha K Seneviratne

Mr. K P Kumara

Prof. M I Thabrew

Mr. H G G J Dharmasena

Mr. N G Panditharatne

Mrs. Hiransa Kaluthanthri

Mr. Tissa Jayaweera
Mr. T Wickremasinghe</td><td>– Chairman
– Member (Chairperson, National Science Foundation)
– Member (Senior Lecturer, Department of Textiles, University of Moratuwa)
– Member (Representing Sri Lanka Standards Institution)
– Member (Representing Ministry of Technology & Research)
– Member (Representing Ministry of Trade)
– Member (Representing Ministry of Industrial Development)
– Member (Representing Measurement Units, Standards & Services Department)
– Member (Representing National Academy of Sciences)
– Member (Representing Ministry of Agriculture)
– Member (Representing Ministry of Health)
– Member (Representing the General Treasury)
– Member (Representing FCCISL)
– Secretary, Director/CEO, SLAB</td></tr>
</table>

Management, Committees and Staff of the Board	
The management functions in SLAB are vested in the post of Director/CEO. Director/CEO supported by Technical, Finance and Administrative staff is responsible for all executive functions of the Board. The organizational structure in view of hierarchical and operational is given in Annex I and Annex II.	**Management**
To guide and advise the Governing Council and SLAB in its performance of functions and duties, the Governing Council has appointed the following Technical Committees with expertise in relevant fields.	**Committees**
Policy Advisory Committee	The Policy Advisory Committee advices the Governing Council on policy matters related to the development and operation of accreditation schemes of SLAB in different scope sectors
Accreditation Committees	The following Accreditation Committees are entrusted with providing advices on matters related to management and operations of relevant accreditation scheme and approve decisions taken in conformity assessments. 1. Accreditation Committee on Testing and Calibration Laboratories 2. Accreditation Committee on Medical / Clinical Laboratories 3. Accreditation Committee on Certification Bodies
Technical Advisory Committees	The following Technical Advisory Committees are responsible for providing advisory services in matters as determined by respective functions. 1. Technical Advisory Committee on Chemical Testing 2. Technical Advisory Committee on Biological Testing 3. Technical Advisory Committee on Mechanical Testing & Calibration 4. Technical Advisory Committee on Medical/Clinical Testing 5. Technical Advisory Committee on Organic Certification 6. Technical Advisory Committee on Good Laboratory Practices 7. Technical Advisory Committee on Food Safety Inspection 8. Technical Advisory Committee on Inspection of Vehicle Emission 9. Technical Advisory Committee on Quality Management Systems Certification 10. Technical Advisory Committee on Environmental Management Systems Certification
	The Constitutions of the Policy Advisory Committee and Technical Committees are given in Annex 1.

The human resource empanelled with SLAB composes of a smaller inner staff and a larger assessor pool drawn from academia and various professional bodies. Since SLAB deals with assuring the competence of conformity assessment bodies, it is not necessary to mention that SLAB staff must be equally competent. The continuing turn over of staff since the inception of SLAB severely affected the functions of SLAB and with complements to the staff, SLAB managed to maintain its accreditation systems in par with other accreditation bodies. Usually a new officer requires at least three years to become competent in the relevant field.	**Human Resource**
The staff of the Board in the year as at 31st December 2011 was as follows.	**Staff of the Board**

Post	Approved	Present	(Vacant)/ Excess
Director/CEO	01	01	-
Additional Director	01	--	(01)
Deputy Director/ Assistant Director	07	05	(02)
Deputy Director (Finance & Administration)	01	01	-
Management/Accounts Assistant	03	01	(02)
Driver	01	01	-
Office Aide	01	01	-

Panel of Assessors	In the implementation of Accreditation Schemes in different areas of activity, SLAB uses the services of trained assessors with expertise in relevant fields. For this purpose an external pool of trained assessors (130) has been established to undertake assessments with SLAB Staff as follows. The trainee assessors are required to be on-the-job and on-site trained and be competent before assigning them for the relevant conformity assessment. Depending on the needs of accreditation services, in the year 2011, two (2) assessor training programmes including 20 experts in each, from the industry were conducted to enlarge the SLAB assessor pool.

Field of Accreditation	Lead Assessors	Technical Assessors/ Assessors	Trainee Assessors
Testing	--	21	16
Calibration	02	05	04
Medical testing	--	12	26
Certification	03	04	29
Inspection	--	--	08
SLAB staff	03	01	01
Total	08	43	84

	ACTIVITIES
A main task of SLAB is to implement accreditation schemes based on the procedures and guidelines developed according to ISO/IEC 17011: 2004 and international principles. The main accreditation schemes operated by SLAB are as follows. - Accreditation Scheme for Testing and Calibration Laboratories based on ISO/IEC 17025 - Accreditation Scheme for Medical/Clinical Laboratories based on ISO 15189 - Accreditation Scheme for Certification Bodies of Systems based on ISO/IEC 17021 - Accreditation Scheme for Certification Bodies of products based on ISO/IEC Guide 65 - Accreditation Scheme for Certification Bodies of persons based on ISO/IEC 17024 - Accreditation Scheme for Inspection Bodies based on ISO/IEC 17020. SLAB managed to maintain and improve its management system on the above accreditation schemes in the 2011 too and was successful to retain APLAC/ILAC MRA for testing including ISO 15189 at the re-evaluation conducted by APLAC in November 2011 and to develop accreditation schemes for certification bodies in par with the Guidelines of Pacific Accreditation Cooperation (PAC) and International Accreditation Forum (IAF).	**Management and Operation of SLAB Accreditation Activities as per ISO/IEC 17011**
Laboratory Accreditation for Testing Laboratories based on ISO/IEC 17025:2005 holds a bigger share of accreditation services provided by SLAB. With the need of reliable test reports to remove unnecessary technical barriers and to facilitate the local and foreign trade, a reasonable increase in accredited testing laboratories was seen in 2011. Seven (7) accreditations were granted in the year totally accreditations to thirty seven (37). Seven (7) new applications were received. Under the accreditation scheme twenty two (22) surveillance assessments, seven (7) initial assessments, two (2) re-assessments, three (3) pre-assessments, and one (1) follow-up assessment were carried out on a planned basis during the year. The areas in which accreditations offered under the fields of chemical testing, biological testing and physical/mechanical testing were food and agricultural products, soil, cement and concrete, textiles, fertilizers, veterinary testing etc.	**Accreditation of Testing Laboratories**

Accreditation of Calibration Laboratories	Although the number of accredited calibration laboratories as per ISO/IEC 17025:2005 was very low, a strong metrological infrastructure was required in the country to disseminate reliable measurements and standards and to facilitate testing Laboratories to produce reliable results. In the year 2011, a holistic approach was taken to enroll many calibration laboratories in the country into the accreditation scheme. One (1) calibration laboratory was added to the accredited calibration laboratories which are in number three (3). Two (2) new applications were received including one from MUSSD. Two (2) surveillance assessments, one (1) initial assessment, and two (2) pre-assessments carried out during the year. The areas covered under calibration were mass, temperature, length, time frequency, volume and pressure.
Accreditation of Medical/Clinical Laboratories	The Accreditation Scheme for Medical/Clinical Laboratories based on ISO 15189 was implemented with all processes and assessment procedures compliant with internationally accepted procedures and standards. In the year 2011, the interest shown by Governmental medical laboratories belonging to the Ministry of Health for developing quality management systems in laboratories would open a new avenue in providing a reliable service in the medical sector. Four expert groups representing Biochemistry, Heamatology, Microbiology and Histopathology continued their services to develop the qualification criteria of medical laboratory personnel and categorization of medical tests in the above fields under there basic groups; routine tests, special tests and highly specialized tests Accreditation has been granted to nine (9) Medical/Clinical Laboratories based on ISO 15189. Five (5) other applications received from Medical Laboratories were processed for grant of accreditation. Four (4) pre-assessments, three (3) surveillance assessments, four (4) reassessments and six (6) initial assessments were conducted.
Accreditation of Certification Bodies	Accreditation scheme for Certification Bodies is another strategic area which SLAB has shown high concern due to the fact that accredited certificates in system and product certification directly facilitate local and foreign trade. In the year, accreditation schemes were operated based on ISO/IEC 17021 for System Certification Bodies and on ISO/IEC Guide 65 for Product Certification Bodies. Four (4) applications received were processed for grant of accreditation. Three (3) accreditations were granted in the year. One (1) (pre-assessment, four (4) surveillance assessments and two (2) initial assessments were conducted. The areas covered were QMS, EMS, FSMS and products.

Accredited Inspection Bodies are expected to provide inspection and conformity assessment services to various authorities in the implementation of regulations. Programmes to promote the use of Accredited CAB's by regulatory authorities were held during the year. Rules and Procedures covering Accreditation Scheme for Inspection Bodies based on ISO/IEC 17020 have been developed and initiatives were taken to launch relevant accreditation schemes. Specific criteria for food inspection and vehicle inspection were being developed	**Accreditation of Inspection Bodies**
As there was a reasonable demand from R&D and University laboratories for earning recognition for their research and methodology development work, SLAB was working on establishing an accreditation programme on Good Laboratory Practices (GLP). On the other hand, according to the ST&I Strategy for Sri Lanka 2011/15, developing and implementing mechanisms to benchmark infrastructure facilities and systems for R&D and other laboratories has been entrusted to SLAB. In this regard, a new technical advisory committee was formed and that TAC was involved in developing a national standard on GLP with the participation of Sri Lanka Standards Institution (SLSI).	**Accreditation of Good Laboratory Practices**
One of the important aspects of Accreditation Schemes related to testing including medical testing and calibration is to assure quality of test results through external participation in Proficiency Testing (PT) or Inter-laboratory comparison programmes. In order to facilitate testing laboratories, the PT programmes conducted by Industrial Technology Institute (ITI) and Sri Lanka Association of Testing Laboratories (SLATL) were recognized by SLAB and both organizations continued to offer PT services in the areas of water microbiology, chemical analysis of tea and histamine in fish. In addition, the PT programmes conducted by APLAC member bodies and Christian Medical Collage (CMC), Vellore were coordinated among testing and medical laboratories respectively as places were available. Discussions were held with the Ministry of Health and MUSSD for organizing PT or inter-laboratory comparison programmes in the areas of medical testing and calibration respectively.	**Coordinating Proficiency Testing Programmes**

Performance Highlights 2011	In the year 2011, SLAB completed its 5th year of operations. SLAB was able to provide its services to more Testing & Calibration Laboratories, Medical Laboratories and Certification Bodies based on the relevant international standards. These accreditation schemes were managed and operated in compliance with international principles and ISO/IEC 17011 applicable to accreditation bodies. **Development of SLAB Management System** With the submission of an application to PAC for being admitted to PAC MLA, the SLAB management system was to be expended to cover the areas of QMS & EMS certification and product certification based on the PAC and IAF guidelines. In addition, the documentation was refined with the new changes and additions in the APLAC and ILAC guidelines to meet the requirements OF APLAC/ILAC MRA. The Specific criteria for biological testing, mechanical testing and calibration were finalized and specific criteria for medical testing and chemical testing were being revised. The specific criteria for food inspection, vehicle emission inspection, tea product certification, QMS certification, EMS certification and GLP were being developed. **Accreditation Services** In the year 2011, seven (7) accreditations were added to the accredited testing laboratories and four (4) accreditations to medical/clinical laboratories. Whereas four (4) accreditations were granted to certification bodies under FSMS, EMS and products. In addition, twenty four (24) and three (3) surveillances were conducted in testing and calibration laboratories and medical/clinical testing laboratories. The surveillances conducted in certification bodies were three (3). The initial assessments and reassessments conducted altogether were seventeen (17) and six (6) respectively in testing and medical laboratories. The total number of testing laboratories (non-medical), medical laboratories and certification bodies accredited by the end of the year was thirty seven (37), nine (9) and four (4) respectively. SLAB was admitted as a Signatory to International Laboratory Accreditation Cooperation Mutual Recognition Arrangements (ILAC MRA) for testing including ISO 15189 in the year 2009 following an evaluation conducted by a team of APLAC on Laboratory Accreditation Schemes and Management and Operation of SLAB. An initial evaluation on Calibration and a re-evaluation on testing including medical testing were conducted by an APLAC team in the year 2011.

SLAB has obtained Full Member Status of the Asia Pacific Laboratory Accreditation Co-operation (APLAC) and International Laboratory Accreditation Corporation (ILAC). SLAB was admitted as Signatory to ILAC and APLAC MRA in 2009 and the MRA Status was continued in 2011. An evaluation was conducted by APLAC for admitting SLAB into the APLAC & ILAC MRA for calibration in the year 2011. In addition SLAB has obtained full member status of Pacific Accreditation Cooperation (PAC) and applied for a peer evaluation by PAC for admitting SLAB into the PAC Multilateral Recognition Agreement (MLA) in 2011. In addition, SLAB applied for the full membership of International Accreditation Forum (IAF) in 2011. On the request of PTB Germany and Ministry of Foreign Affairs, SLAB hosted a regional training programme for certification bodies from 14 – 16 December 2011 in Colombo under ISO/IEC 17021 and ISO/IEC Guide 65 under the SAARC-PTB Technical Assistance Programme. SLAB provided the organizational and logistic support for the programme. Nineteen (19) participants from all SAARC countries participated in the workshop. Mr. T Wickremasinghe served as one of trainers of the programme.	**International Achievements and Events**

SLAB regularly conducts training programmes and seminars for upgrading awareness and skills of personnel of conformity assessment bodies (laboratories, certification bodies and inspection bodies) based on the topics related to quality accreditation in line with accreditation standards and related principles. In the year 2011, ten (10) training programmes and six (6) seminars have been conducted. SLAB conducted two (2) assessor training programmes in the fields of medical laboratories based on ISO 15189 and certification bodies based on ISO/IEC 17021 & ISO/IEC Guide 65. The second propgramme on certification bodies was conducted jointly with National Accreditation Body for Certification Bodies (NABCB) india. The intake for both programmes was around 20 participants. In order to share knowledge and experience of assessors, assessors' meetings; two each for testing and calibration laboratories and medical laboratories and one for certification bodies were conducted.	**Capacity Building & Conducting Training Programmes**

Financial Performances - 2011	The annual allocation for recurrent expenditure was LKR 18.8 million. But Treasury contribution for recurrent expenditure was LKR 13.3 million. The annual recurrent expenditure was LKR 21.3 million and the shortfall in recurrent expenditure was set off from the income generated. During the year under review SLAB has generated LKR 8.25 million from its activities mainly from accreditation services and conducting of training programmes and which is a 64% increase in comparison to year 2010. The 39% increase recorded in expenditure compared to the year 2010 was due to adding up of new activities to the framework of accreditation. However the ratio of income over expenditure in the year 2011 was 39% whereas the same in 2010 was 32%. The annual allocation for capital expenditure was LKR.3.08 million granted by the treasury and LKR 0.80 million had been received during the year. Total Capital Expenditure for the year was LKR 0.63 million. SLAB has recorded an excess of income over expenditure of LKR 1.38 million from its operations during the year under review.

Sri Lanka Accreditation Board
for Conformity Assessment
Balance Sheet as at 31.12.2011

	Notes	*2011* Rs. Cts.	*2010* Rs. Cts.
ASSETS			
Non Current Assets			
Property Plant & Equipment	**2**	5,208,374.06	1,104,106.84
Intangible Assets			
Intellectual Property	**13**	1,851,535.00	1,845,375.00
Development Activity			
Proficiency Testing Programme	**14**	300,449.54	419,669.29
Current Assets			
Inventories		60,460.85	97,103.00
Advance & Refundable Deposit	**5**	990,000.00	975,000.00
Prepayments	**12**	89,055.80	98,990.72
Receivables	**6**	686,150.65	34,024.78
Distress Loan	**11**	317,100.00	702,550.00
Cash at Bank		1,826,628.01	747,450.23
		11,329,753.91	**6,024,269.86**
Accumulated Fund	**7**	3,754,994.11	2,927,823.09
Non Current Liabilities			
Differed Income-Government Grants	**8**	4,118,898.63	92,238.56
Other Grants	**15**	1,814,600.00	1,814,600.00
Gratuity Provision		550,960.00	306,917.50
Current Liabilities			
Accrued Expenses	**9**	1,086,548.04	882,690.71
Received in Advance		3,753.13	-
		11,329,753.91	**6,024,269.86**

Director/CEO
Sri Lanka Accreditation Board for Conformity Assessment

Deputy Director (Fin/Admin)
Sri Lanka Accreditation Board for Conformity Assessment

Sri Lanka Accreditation Board
for Conformity Assessment
Income Statement for the Year ended 31.12.2011

		2011 Rs. Cts.	*2010* *Rs. Cts.*
Income	3	**22,706,271.36**	**15,154,230.43**
<u>Administration & Establishment Expenses</u>			
Personal Emoluments	4.1	6,506,951.14	6,009,745.14
Traveling Expenses	4.2	687,969.69	972,699.17
Supplies	4.3	743,503.22	348,114.00
Maintenance Expenditure	4.4	887,161.19	339,203.45
Contractual Services	4.5	8,809,786.15	5,951,326.51
Transfers	4.6	804,067.41	717,310.35
Others	4.7	2,890,315.08	1,175,316.73
Total Expenditure		**21,329,753.88**	**15,513,715.35**
Excess of Income Over Expenditure		**1,376,517.48**	**(359,484.92)**

Sri Lanka Accreditation Board for Conformity Assessment

Cash flow Statement for the year ended 31st December 2011

	2011 Rs.	*2010* *Rs.*
Expenditure Over Income for the year	1,376,517.48	(359,484.92)
Adjustments for ;		
Depreciations on Fixed Assets	929,297.42	910,258.81
Gratuity Provision	244,042.51	306,917.50
Operating Surplus before Working Capital changes	**2,549,857.41**	**857,691.39**
Working Capital Changes		
Decrease/(Increase) in Inventories	36,642.15	90,374.50
Decrease/(Increase) MRA Logo registration	(6,160.00)	(17,880.80)
Decrease /(Increase) in Prepayments	9,934.92	(46,507.39)
Decrease /(Increase) in Receivables	(652,125.87)	(32,618.31)
Decrease /(Increase) in Distress Loan	385,450.00	(145,600.00)
Increase/(Decrease) in Advance Received	3,753.13	(810.00)
Increase/(Decrease)in Refundable Deposit	(15,000.00)	(9,000.00)
Increase/(Decrease) in Creditors	-	(64,975.00)
Increase/(Decrease) in Accrued Expenses	203,857.33	277,903.69
Net Cash Flows from Operating Activities	**2,516,209.07**	**908,578.08**
Cash flows from Investing Activities		
Acquisition of Fixed Assets	(633,564.64)	(491,145.86)
Development Work - Proficiency Testing	119,219.75	(144,026.95)
Deferred Income -Government Grant Received	(373,339.93)	(641,443.31)
Adjustment Due to Over Depreciation (Prior Period)	-	(530,123.94)
Prior Year Adjustment	(549,346.47)	-
Net cash used in Investing Activities	**(1,437,031.29)**	**(1,806,740.06)**
Net Increase/Decrease in Cash and Cash Equivalents	1,079,177.78	(898,161.98)
Cash and Cash Equivalents at the beginning of the year	747,450.23	1,645,612.21
Cash and Cash Equivalents at the end of the year	**1,826,628.01**	**747,450.23**

Sri Lanka Accreditation Board for Conformity Assessment

Notes to the Financial Statements

1. 1 Significant Accounting Policies

General

The financial statements of the board have been prepared on the historical basis, in accordance with generally accepted accounting principles and in conformity with Sri Lanka accounting Standards. No adjustments have been made for inflationary factors affecting the financial statements.

1.2. Assets and Basis of their Valuation

Assets classified as current assets on the balance sheet date are bank balance and those which are expected to be realized in cash during the normal operating cycle or within one year from the balance sheet date whichever is shorter. Assets other than current assets are those which the Board intends hold beyond one year period from the Balance Sheet date are Non-Current Assets.

1.2.1 Property Plant & Equipment

Property plant & equipment are stated at historical cost less depreciation. Depreciation has been provided on straight line method at the following rates per annum in order to write off cost of such assets over their estimated useful lives.

Asset	**Rate**
Furniture	20%
Office Equipment, Air conditioners, units, Telephone & Fax Machine	20%
Computer, Printer, Multimedia Projector & PhotoCopier	25%
Building & Structure	33.33%

Depreciation of an asset commences when the asset is available for use and ceases in the month of disposal.

1.2.1 Intangible Assets

Hosting of SLAB Website and Software for SLAB IT System has been received as grant from Swedish government, under Quality Infrastructure Development Project in Sri Lanka. This project has been completed at the end of year 2010. This capital cost has been recognized as Non Current Assets and it has been decided to Amortized within 5 years commence from 2012 onwards.

1.3 Inventories

Inventories have been valued at the lower of cost or net realizable value.

1.4 Receivables

Receivables are stated at the amount estimated to be realized.

1.5. Liabilities & Provisions

1.5.1 Current liabilities

Current liabilities are those which fall due for payments on demand or within one year from the balance sheet date. All known liabilities have been accounted for in preparing the Financial Statements.

1.6 Income and Expenditure

1.6.1 Revenue Recognition

Income from training program and Accreditation of laboratories are accounted on accrual basis.
Grants have been recognized in the income statement on receipt basis.

1.6.2 Treasury Grants

Grant received from General Treasury has been recognized as income in the period in which the related cost are recognized. Capital grants utilized to acquire assets are recognized as deferred Income.

1.6.3 Expenditure recognition

All the expenditure incurred in the running of the Board and maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the income statement.

1.7 Taxation

No provision has been made for income Tax.

1.8 Events after the balance sheet date

There were no events that occurred after the balance sheet date, that require disclosure or adjustment in financial statements.

1.9 Comparative figures

Where necessary comparative figures have been reclassified in conform to the current year's presentation.

1.10 Cash flow statement

Cash flow statement has been prepared using indirect method.
Government grants received which are related to purchase of Property Plant and Equipment are classified as investing cash flows.

Sri Lanka Accreditation Board for Conformity Assessment

2. Property Plant & Equipment

Item	Balance as at 01.01.2011 at Cost	Granted by the Treasury	Additions during the Year	Balance as at 31.12.2011	Accumulated Depreciation as at 01.01.2011	Depreciation for the Year	Accumulated Depreciation as at 31.12.2011	Written Down Value as at 31.12.2010
Vehicle-Car	-	4,400,000.00	-	4,400.000.00	-	366,666.67	366,666.67	4,033,333.33
Building & Structure	183,267.25	-	-	183,267.25	183,266.25	-	183,266.25	1.00
Office Equipments								
i). Air conditioners	192,010.00	-	-	192,010.00	140,808.00	38,402.00	179,210.00	12,800.00
ii). Multimedia Projector	255,200.00	-	-	255,200.00	210,599.17	12,265.67	222,864.84	32,335.16
iii). Photocopier	109,250.00	-	199,000.00	308,250.00	109,249.00	-	109,249.00	199,001.00
iv). Telephone System	170,648.50	-	-	170,648.50	131,189.02	34,116.70	165,305.72	5,342.78
v). Fax Machines	57,385.00	-	-	57,385.00	45,908.00	11,475.00	57,383.00	2.00
vi). Other Office Equipment	121,590.11	-	14,500.00	136,090.11	36,866.06	26,866.36	63,732.42	72,357.69
Office Furniture	1,002,238.57		83,584.64	1,085,823.21	759,885.39	157,294.71	917,180.10	168,643.11
Computers								
i). Desktop Computers	1,055,540.00	-	326,980.00	1,382,520.00	850,837.60	103,183.00	954,020.60	428,499.40
ii). Laptop Computers	894,230.00	-	-	894,230.00	573,763.16	125,351.33	699,114.49	195,115.51
iii). Scanner	23,500.00	-	-	23,500.00	22,911.50	587.50	23,499.00	1.00
iv). Printers	428,452.00	-	9,500.00	437,952.00	363,369.37	39,618.29	402,987.66	34,964.34
v). Other Computer Related Items	96,649.85	-	-	96,649.85	57,201.92	13,470.19	70,672.11	25,977.74
	4,589,961.28	**4,400,000.00**	**633,564.64**	**9,623,525.92**	**3,485,854.44**	**929,297.42**	**4,415,151.86**	**5,208,374.06**

	2011	2010
	Rs. Cts.	**Rs. Cts.**
3. Income		
Treasury Grant Received	14,456,339.93	10,127,176.31
Income from Accreditation-Testing & Calibration Labs	2,997,953.82	3,130,860.00
Income from Accreditation-Medical Labs	2,004,200.00	429,800.00
Income from Accreditation of Certification Bodies	969,037.23	305,329.90
Income from inspection Bodies	-	-
Distress Loan Interest	23,003.21	23,716.79
Sundry Income Others	20,473.00	476.00
Income From Training Programme	2,152,562.50	1,136,871.43
Surplus from World Accreditation Day Activities **(Note 16)**	82,670.64	-
Accrued Expences Over/Under Provision	31.03	-
4)	**22,706,271.36**	**15,154,230.43**
4.1 Personal Emoluments		
Salaries & Wages	3,630,234.89	3,889,317.13
E.P.F	676,674.68	561,497.57
E.T.F	135,334.77	112,299.53
Allowance (COL)	1,310,292.56	665,583.50
Gratuity Expenses	244,042.51	306,917.50
Overtime & Holiday Payments	210,123.85	143,837.32
Leave Encashment	229,924.75	225,957.59
Staff Training & Development	31,755.71	81,200.00
Staff Welfare	38,567.42	23,135.00
	6,506,951.14	**6,009,745.14**
4.2 Traveling Expenses		
Domestic	65,199.22	28,689.00
Foreign	622,770.47	944,010.17
	687,969.69	**972,699.17**
4.3 Supplies		
Stationery and Office Requisite	297,063.22	92,514.00
Fuel and Lubricants	446,440.00	255,600.00
Others	-	-
	743,503.22	**348,114.00**

4.4 Maintenance Expenditure

Maintenance -Vehicle	47,366.71	-
Maintenance- Plant ,Machinery & Equipment	743,721.98	246,294.73
Maintenance-Building & Structure	1,175.00	7,468.50
Maintenance –Janitorial Services	82,236.00	78,660.00
Maintenance-Cleaning Items	1,611.50	6,389.50
Maintenance-Administration	11,050.00	390.72
	887,161.19	**339,203.45**

4.5 Contractual Services

Transport & hire Charges	1,385,480.56	1,138,473.92
Telecommunication	365,093.57	283,042.30
Postal Charges	222,925.00	89,907.50
Electricity	615,906.01	555,804.13
Water	41,435.49	37,129.61
Rent and Local Taxes	2,040,000.00	2,040,000.00
Building Charges-UDA Charges	83,931.13	-
Training Prog. Expenses	908,125.30	308,760.00
Board member Fees	140,920.00	38,000.00
Security Expenses	398,418.96	428,342.00
Assessment expenses	1,471,308.80	543,459.50
Technical Advisory Committee Expenses	448,271.53	50,500.00
Audit Fee	90,000.00	76,720.44
Advertising & News Papers	553,598.80	118,444.11
Printing Activities	44,371.00	242,743.00
	8,809,786.15	**5,951,326.51**

4.6 Transfers

Subscription, Contribution & Membership Fees-ILAC	187,484.61	150,667.87
Subscription, Contribution & Membership Fees-APLAC	335,343.00	566,642.48
Subscription, Contribution & Membership Fees-PAC	281,239.80	-
	804,067.41	**717,310.35**

4.7 Others

Professional Charges	3,000.00	15,000.00
Medical Insurance premium	116,596.93	98,866.92
Depreciations	929,297.42	910,258.81
Stamp Duty	6,660.00	22,600.00
Exhibition Expenses	505,818.77	117,341.00
Bank Charges	15,810.00	11,250.00

	2011	2010
	Rs. Cts.	Rs. Cts.
Trainee's A/c (NAITA)	66,900.00	-
Exchange Losses A/C	1,088.41	-
APLAC Assessment A/C	580,132.02	-
SAARC PTB Training Programme exp	406,241.98	-
Amortization of Proficiency testing Programme	258,769.55	-
	2,890,315.08	**1,175,316.73**

5) Refundable Deposit and Advance

	2011	2010
Festival Advance	6,000.00	6,000.00
Refundable Deposit	504,000.00	489,000.00
Rent Advance	480,000.00	480,000.00
	990,000.00	**975,000.00**

7) Accumulated Fund

	2011	2010
Balance at the beginning of the year	2,927,823.09	3,803,515.25
Prior Year Adjustment		
Intellectual Property-Trade Mark	-	10,587.00
Prior Year Adjustment	(549,346.46)	(390,699.74)
Transferring to Fixed Assets	-	(6,152.50)
Inventories Items	-	(129,942.00)
Excess of Expenditure Over Income	1,376,517.48	(359,484.92)
Balance at the end of the year	**3,754,994.11**	**2,927,823.09**

8) Differed Income- Government Grants

	2011	2010
Balance at the beginning of the year	92,238.56	733,681.87
Grant Received and utilized for capital Assets	800,000.00	500,000.00
Prior Year Adjustment-Depreciation year 2008	-	75,733.00
Depreciation expenses for the year	(929,297.42)	(910,258.81)
Gratuity Provision	(244,042.51)	(306,917.50)
Balance at the end of the year	**(281,101.37)**	**92,238.56**
8)ii Value of the Vehicle given by Treasury under Budget circular 150	4,400,000.00	-
	4,400,000.00	**-**

9) Accrued Expenses & Others

	2011	2010
Staff welfare Fund	2,325.00	-
E P F Control A/C	114,264.38	94,334.06
E.T.F Control A/C	15,822.41	11,320.09

VAT control	-	21,039.78
PAYE Payable	1,081.64	-
Stamp Duty	2,100.00	6,540.00
WHT payable	-	39,247.10
NBT Payable	20,438.73	16,039.96
Security	31,872.96	37,682.00
Travelling & Transport	-	30,193.00
Water	1,954.40	2,565.61
Electricity	41,024.80	15,851.63
Telephone	24,111.25	23,443.07
Maintenance of Plant. Machinery & Equipments	32,505.72	-
Over Time Payable	9,290.00	10,187.90
Maintenance of Official web	-	4,639.18
Transport Charges	39,000.00	-
Building Rent	170,000.00	151,470.00
Audit Fees	201,102.00	195,864.00
Leave Encashment	229,924.75	221,173.33
Postal Charges	15,750.00	1,100.00
Proficiency Testing Programme	101,580.00	-
Building Rent-UDA Charges	20,400.00	-
Assessment Expenses	12,000.00	-
	1,086,548.04	**882,690.71**

10) Government Grants

Government Grant Received during the Year	14,083,000.00	9,410,000.00
Grant used for Capital Expenditure	(800,000.00)	(500,000.00)
Depreciations Expenses	929,297.42	910,258.81
Gratuity Provision	244,042.51	306,917.50
Government Grant shown in income statement	**14,456,339.93**	**10,127,176.31**

11) Distress Loan

Balance C/F	702,550.00	556,950.00
Distress Loan granted During the year	-	530,000.00
Less: Loan Settlement in installments	(385,450.00)	(384,400.00)
	317,100.00	**702,550.00**

12) Pre Payments

Balance C/F	98,990.72	52,483.33
Adjustment to Expenses	(98,990.72)	-
Domain Name ofslab.lk	-	500.00
Health Insurance Premium	38,574.57	34,174.05
Maintenance Expenditure of Official Web	-	11,833.34
Intercom Systems Service Agreement	284.51	-

Service Agreement for A/C	2,850.00	-
Vehicle Renewal	825.00	-
Insurance for Vehicle (2012.01-2012.07.08)	46,521.72	-
	89,055.80	**98,990.72**

13) Intellectual Property

Trade Mark	12,894.20	12,894.20
MRA Logo registration in process	24,040.80	17,880.80
Web site of SLAB	96,800.00	96,800.00
Software for SLAB IT programme	1,717,800.00	1,717,800.00
	1,851,535.00	**1,845,375.00**

14) Developing Activity

Proficiency Testing Programme	559,219.09	528,169.29
Recovery from Proficiency Testing Programme	-	(108,500.00)
Less: Amortization of Proficiency Testing Programmes	(258,769.55)	-
	300,449.54	**419,669.29**

15) Other Grants

Web site of SLAB	96,800.00	96,800.00
Software for SLAB IT programme	1,717,800.00	1,717,800.00
	1,814,600.00	**1,814,600.00**

16) World Accreditation Day Activities

Total collections			
From Sponsorships	950,705.25		
By holding seminars/Training Programme	510,000.00	1,460,705.25	-
Less:-			
Total Expenses			
Advertising & printing	464,492.96		
Hotel & Meal charges	872,544.65		
Travelling	9,360.00		
Others	31,637.00	1,378,034.61	-
Net Surplus transferred to SLAB Profit (Refer Note No1)		**82,670.64**	

The registered office and principal place of the business is located at No.546/4, Galle Road, Colombo 03.

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / துலைவா / My No — ඔබේ අංකය / உமது இல / Your No. — දිනය / திகதி / Date

Report of the Auditor General on the Financial Statements of the Sri Lanka Accreditation Board for Conformity Assessment for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

EL/E/SLAB/FA/2011 16 July 2012

The Chairman
Sri Lanka Accreditation Board for
Conformity Assessment

Report of the Auditor General on the Financial Statements of the Sri Lanka Accreditation Board for Conformity Assessment .for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Sri Lanka Accreditation Board for Conformity Assessment for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income 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 read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29(3) of Part iv of the Sri Lanka Accreditation Board for Conformity Assessment Act, No. 32 of 2005. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7)(a) was furnished to the Chairman of the Board on 17 May 2012.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka 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. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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

1:4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Accreditation Board for Conformity Assessment as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

Even though the provision made for gratuities should be invested in accordance with the Standard No. 16, it had not been so done.

2:2:2 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

	Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a)	Section 5(2) of the Sri Lanka Accreditation Board for Conformity Assessment Act, No. 32 of 2005.	One member of the Board of Governors appointed for the year 2011 had not attended 03 consecutive meetings of the Board from June 2011.
(b)	Finance Act, No. 38 of 1971 Section 14(4).	Action had not been taken to table the Annual Report for the year 2010 in Parliament.
(c)	Financial Regulations	
	Financial Regulation 371	Even though a maximum of Rs.20,000 only can be paid at a time as an ad hoc sub-imprest. advances exceeding the limit had been granted in several instances.
(d)	Procurement Guidelines 2006 Section 9.12	The approval of the General Treasury had not been obtained for the Insurance Scheme implemented for the employees.
(e)	Section 9.7 of Public Enterprises Circular No. PED/12 of 02 June	The Board had approved with daily allowance of Rs.4,000 for the other persons who one

	Reference to Laws, Rules, Regulations etc.	Non-compliance
	2003 and the Public Finance Circular No.PF/PE5	required to carry out conformity assessments of Medical Laboratories for the grant of accreditation, certificate of goods and persons and assessments of laboratories and a daily allowance of Rs.5,000 for assessment of systems for certification. But the approval of the Treasury had not been obtained.
(f)	Pubic Enterprises Circular No. PED/12 of 02 June 2003 on Good Governance Section 8.5	A security policy had not been implemented for the fixed assets of the Board.
(g)	Circular No. MPD/MPARD/VEH of 11 October 2002	A motor vehicle had been procured on hire basis for 01 year from 05 August without calling for quotations.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the working of the Sri Lanka Accreditation Board for the year ended 31 December 2011 had resulted in a surplus of Rs.1,376,517 after taking into account the Government grant of Rs.13,283,000 received for recurrent expenditure for the year as against the deficit of Rs.359,485 for the preceding year after taking into account the Government grant of Rs.8,910,000 received for the recurrent expenditure of that year. As such an increase of Rs.1,736.002 in the financial result for the year under review was indicated. The increase of the Government grant by a sum of Rs.4,373,000 had been the reason for the increase.

3:2 Working Capital Management

(a) The total assets of the Board as at the end of the year amounted to Rs.11,329,754 and the income received from operating activities amounted to Rs.8,123,755. As such, the operating income ratio as compared with the total assets represented 72 per cent.

(b) The value of current assets of the Board amounted to Rs.3,969,395 and the current liabilities amounted to Rs.1,090,301 and as such the working capital ratio amounted to 4:1.

4. Operating Review

4:1 Performance

(a) The Corporate Plan and the Action Plan did not include the Branch-wise financial information as required by the Public Enterprises Circular No. PED/12 of 02 June 2003 on the Public Enterprises Guidelines on Good Governance and as such information on performance could not be correctly compared. Nevertheless, according to the identified data, the targeted performance and the actual performance had been as follows.

Implementation of Accreditation Process

Examination of laboratories

	Targeted	Actual
Accreditation Examination of Laboratories	17	08
Specialist Assessment Groups	155	89
Medical Laboratories	15	05
Awareness Programmes	20	13
Certifying Institutions		
Awareness (CAB)	02	--
Number of Participants	40	--
Engineering Certificates and Enquiry Units	05	01

(b) Even though the Action Plan included the preparation of an Internal Memorandum of Understanding for the examination of Laboratories and the Manual of Policies for Certification and Examination Institutions, those had not been done.

5. Accountability and Good Governance

5:1 Budgetary Control

The budget had not been prepared realistically in accordance with the Corporate Plan and the Action Plan and the Corporate Plan had not been updated.

The following observations are made in that connection.

(i) No purchases whatsoever had been made out of the provision of Rs.300,000 made for the purchase of machinery in the budget estimates under the object 2002 and included in the purchase procedure.

(ii) No purchases made or constructions carried out of the provision of Rs.500,000 made for buildings in the budget estimates under Object 2001 and included in the purchase procedure.

(iii) Even though a sum of Rs.1,450,000 had been provided under Object 2201 for development works in the year, a sum of Rs.892,338 had been shown under that Object in the final accounts as the capital grants received from the Government.

6. Systems and Controls

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

Areas of Systems and Controls

(a) Accounting
(b) Procurement of Motor Vehicles on Hire Basis
(c) Budget
(d) Award of Accreditations
(e) Fixed Assets
(f) Distress Loans

H.A.S. Samaraweera
Auditor General

CHAIRMAN'S COMMENTS ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SRI LANKA ACCREDITATION BOARD FOR CONFORMITY ASSESSMENT FOR THE YEAR ENDED 31ST DECEMBER 2010 IN TERMS OF SECTION 14(2) (C) OF THE FINANCE ACT NO 38 OF 1971

COMMENTS

2.2 Comments on Financial Statements

2.2.1 Non Compliance with Sri Lanka Accounting Standards (SLAS)

Although the allocations are granted for payment of gratuity by the treasury, allocations for provision investing outside is not allowed. Necessary step will be taken after consulting the treasury.

2.2.2. Non compliance with Laws, Rules, Regulations and Management Decisions

(a) The Council has discussed this matter and informed to the Ministry.

(b) The Annual Report for the year 2010 has been given to the Ministry for sending to the Parliament for Tabling.

(c) Advances over Rs.20, 000 are allowed only the unavoidable circumstance.

(d) Employee Medical Insurance Scheme is proceeded with the approval of the Council as there is no other benefit to the employees. Letters have been sent for requesting approval from Treasury and awaiting reply.

(e) The Assessors participate for the Conformity Assessment are paid this allowances on daily performances with the approval of the Council.

(f) Action will be taken to obtain an insurance cover for the Assets.

(g) Quotations were called for hiring a vehicle and selected a supplier for Rs.49,500.00 monthly rental. After obtaining the approval for monthly rental cost, the selected supplier Samarasinghe Motors failed to supply the vehicle. Then another supplier AMK Manpower and Construction was quoted for Rs.39,000.00 (which is not up to the required standard) was selected as there was no vehicles belongs to SLAB. After some technical errors detected time to time and terminated the contract. Later on the management has decided to hire a vehicle from the suppliers who supplies vehicles to Sri Lanka Standard Institution.

3.Financial Review

3.1 Financial Results & Ratio Analysis

Noted

3.2 Working Capital management

Noted

4. Operating Review

4.1 Performance

(a) Noted for set targets considering actual figures of previous years and other requirements.
(b) SLAB has entered the mutual recognition agreement for examination of Laboratories in December 2009.
The manual of quality management systems and environmental management systems have been prepared now.

5. Accountability and Good Governance

5.1 Budgetary Control

Noted for preparation a realistic budget in year 2013.

I. Special repair work which should be capitalized was not required.
II. It was planned to shift to the new building in 2011 due to lack of space in existing building. But it was failed in 2011.However now office has been located in new building.
III. Although it is necessary to expand the Proficiency testing programme for various Accreditation areas, it was unable to conduct the programme as planned due to lack of service providers in the field of Proficiency testing services.

6.Systems and control

Noted for future improvement of systems and procedure

D D Kodagoda
Chairman
Sri Lanka Accreditation Board for Conformity Assessment

SLAB Accreditation Mark

SRI LANKA
ACCREDITATION BOARD

Technical Advisory Committee on Chemical Testing

Mr.E.G.Somapala – Former Government Analyst, Government Analyst’s Department
Mr.R.M.G.B.Rajanayake – City Analyst, Colombo Municipal Council
Prof.W.D.W.Jayathilake – Dept. of Chemistry, University of Sri Jayewardenepura
Dr. A.M.Mubarak – Council Member, Director, Industrial Technology Institute

Technical Advisory Committee on Biological Testing

Prof. (Mrs.) Chandrani Wijeratne – Senior Lecturer in Botany, Uni. of Sri Jayewardenepura
Prof. (Mrs.) C P Kodikara – Associate Professor, Uni. of Kelaniya
Dr. Kavan Cooray – Consultant Microbiologist, Medical Research Institute
Dr. C M Nanayakkara – Dept of Botany, Uni. of Sri Jayewardenepura
Dr. (Mrs.) S I Abeygunawardene, Senior Lecturer, University of Kelaniya

Technical Advisory Committee on Mechanical Testing

Prof. D.A.Tantrigoda – Professor of Physics, University of Sri Jayewardenepura,
Dr. S.M.A.Nanayakkara – Department of Civil Engineering, University of Moratuwa
Mr. H L R W Madanayake – Former Director, MUSSD
Mr. H P N J Gunasekara – Deputy Director (Technical Services), ITI
Mr. S N Niles – Senior Lecturer, University of Moratuwa
Mrs. N Wijesiriwardane - Head, Dept. of Electrical & Electronics, NERD Center Sri Lanka
Mrs. C Janashanthi – Electronic Engineer, Arthur C Clarke Institute for Modern Technologies

Technical Advisory Committee on Medical/Clinical Testing

Prof (Ms) Sirimali Fernando – Council Member, Prof. of Microbiology,
Uni. of Sri Jayewardenepura
Chairperson National Science Foundation
Prof (Ms) Vasanthi Thevanesam – Professor of Microbiology, Uni. of Peradeniya
Dr (Ms) M M Gunathilaka – Consultant Chemical Pathologist, Medical Research Institute
Dr. (Mrs.) M N Tudawe – Consultant Haematologist, National Hospital, Colombo
Prof. (Mrs.) Preethika Angunawela – Professor in Pathology, Uni. of Colombo
Dr. (Ms) A Samarasekera – Consultant Histopathologist, Eye Hospital, Colombo
Dr (Ms) D G N N Ranasinghe – Consultant Haematologist, Member, Sri Lanka College of Haematologists
Dr. Kushlani Jayathilleke – Consultant Microbiologist, Member, Sri Lanka College of Microbiologists

Accreditation Committee – Certification Bodies

Dr. Nirmali De Silva – Council Member, Senior Lecturer, Dept. of Textiles,
University of Moratuwa
Dr. Sarath Abeywardena – Director, National Science Foundation
Ms. S G Weragoda – Director, Consumer Affairs Authority
Mr. D Gunasekera – President, Food Processors Association
Mr. K H Muthukudaarachchi – Deputy Director General, Central Environmental Authority
Mr. N K A Rupasinghe – Deputy Director, Technical, Department of Export Agriculture
Mr. T Wickremasinghe – Additional Director, SLAB
Mr. B S P Mendis – Director/CEO, SLAB

Accreditation Committee – Testing & Calibration Laboratories

Prof. Sirimali Fernando – Council Member, Prof. of Microbiology,
Uni. of Sri Jayawardenapura,
Chairperson, National Science Foundation
Dr. Nirmali De Silva – Council Member, Senior Lecturer, Dept. of Textiles,
University of Moratuwa
Mr. E G Somapala – Former Government Analyst
Prof. S Vidanapathirana – Senior Professor of Microbiology, University of Kelaniya
Prof. D A Tantrigoda – Dept. of Physics, University of Sri Jayawardenapura
Mr. Thilak Wickramasinghe – Additional Director, SLAB
Prof. H D Gunawardhana –
Mr. B S P Mendis – Director/CEO, SLAB

Accreditation Committee – Medical/Clinical Laboratories

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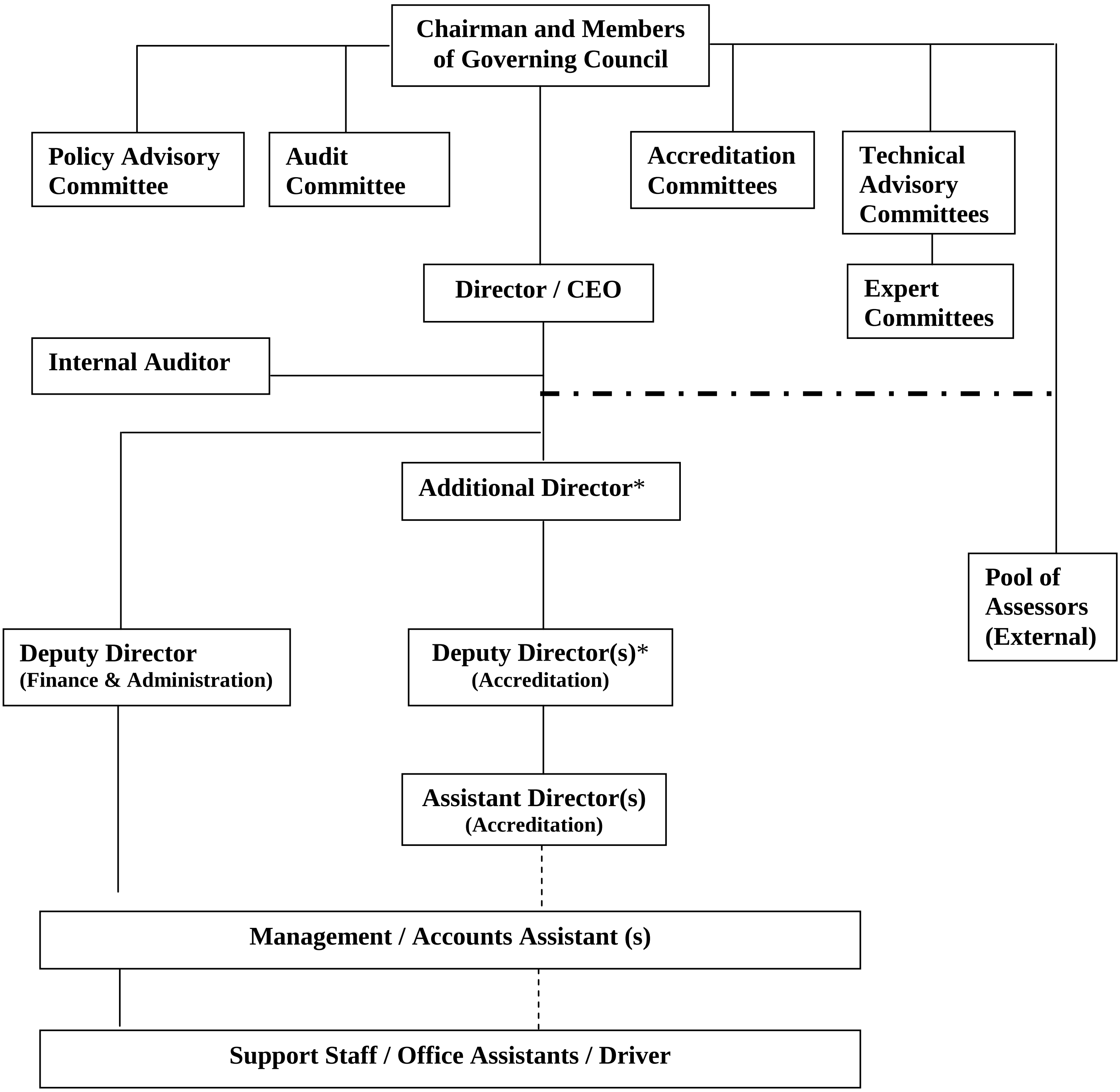
Prof. Sirimali Fernando – Council Member, Prof. of Microbiology, Uni. of Sri Jayawardenapura,
Chairperson, National Science Foundation
Dr. A.M.Mubarak – Council Member, Director, Industrial Technology Institute
Dr. (Ms) Sujatha Mananwatta – Consultant Microbiologist, National STD/AIDS Control Prog.
Dr. (Ms) M M Jayathilaka – Consultant Haematologist, National Cancer Hospital
Prof. (Ms) Jennifer Perera – Professor of Microbiology, University of Colombo
Prof. (Ms) Preethika Angunawela – Professor of Pathology, University of Colombo

Annex I

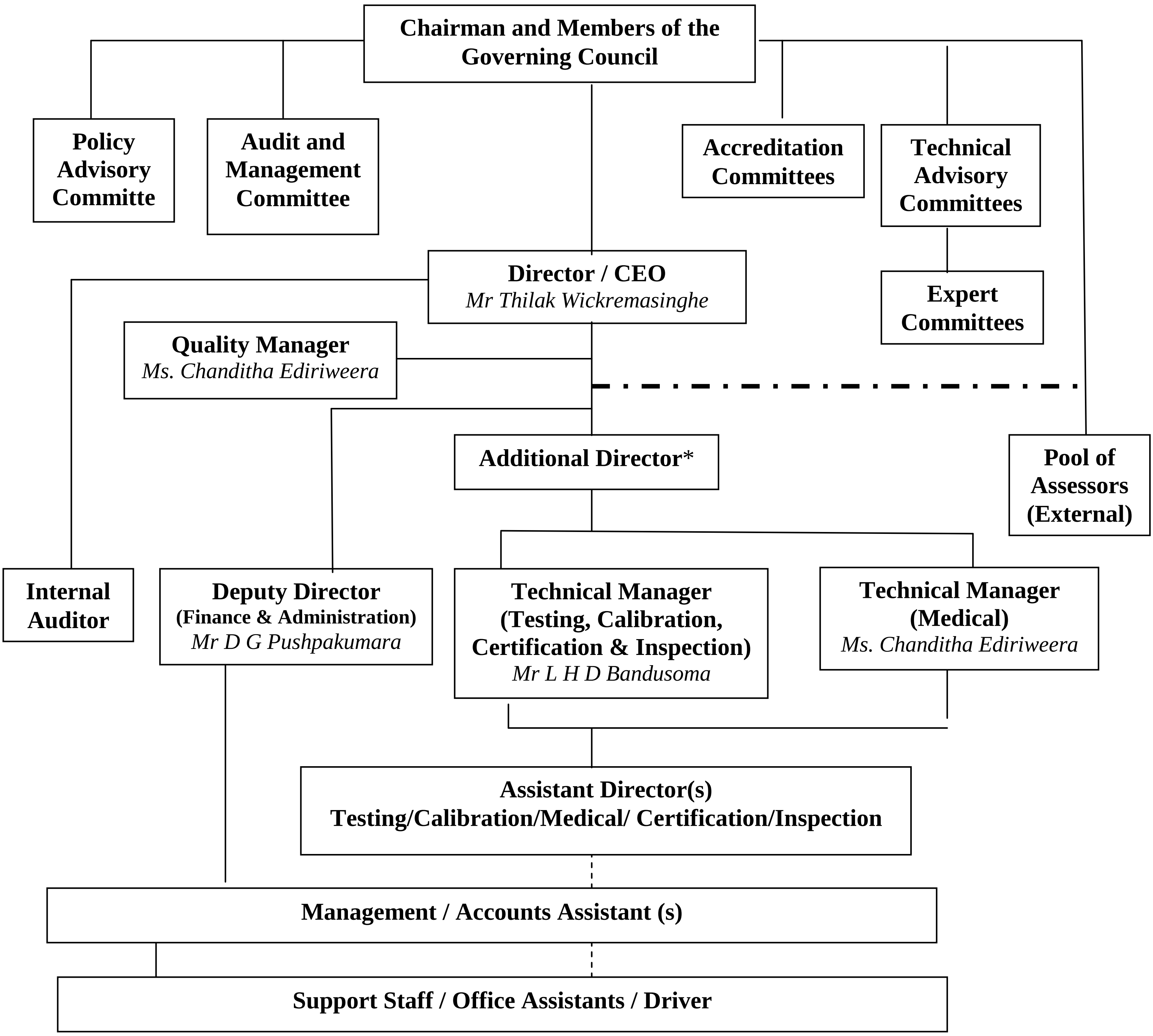
Organizational Structure of SLAB – Hierarchical



*** Position Vacant**

Annex II

Organizational Structure of SLAB – Operational



*** Position Vacant**

Accredited Conformity Bodies- 2011

Accreditation Scheme for Testing/ Calibration Laboratories
Accredited laboratories - 2011

Name of Laboratory	Scope
Chemical Laboratory, Fonterra Brands (Pvt) Ltd.	Chemical Testing
Laboratory Services- Trade Solutions Lanka (Pvt) Ltd.	Chemical Testing
Laboratory of Intertek Lanka (Pvt) Ltd.	Chemical Testing
Meter Testing Laboratory, ANTELECO Metering Company Ltd.	*Mechanical Testing*
Regional Innovation Centre Laboratory- MIDAS Safety, Industrial Clothings Ltd.	Mechanical Testing
Mechanical Laboratory of Innovation & Application Center, Holcim Lanka (Pvt) Ltd.	Mechanical Testing
Tea Quality Assurance Laboratory, Finlays Colombo PLC.	Chemical Testing
Calibration Laboratory of SGS Lanka (Pvt) Ltd.	Calibration

Accreditation Scheme for Certification Bodies
Accredited Certification Bodies - 2011

Name of Certification	Scope
Control Union Inspections (Pvt) Ltd	Environmental Management Systems (EMS)
Control Union Inspections (Pvt) Ltd	Food Safety Management Systems (FSMS)
Tea Product Certification Scheme of Sri Lanka Standards Institution	Product Certification

Accreditation Scheme for Medical Laboratories
Accredited Medical Laboratories - 2011

Name of Certification	Scope
International Meditrust (Pvt) Ltd	Clinical Biochemistry, Haematology
Genentech Molecular Diagnostics	Molecular biology
Asiri Hospital Laboratory	Clinical Biochemistry/Chemical Pathology, Haematology, Clinical Pathology
Colombo Medilab (Pvt) Ltd	Clinical Biochemistry, Serology, Clinical Pathology , Haematology