Our Vision
To be one of the leading Supreme Audit Institutions in the world, delivering professional, excellent, and cost effective auditing services by the year 2010

PERFORMANCE AUDIT REPORT of the AUDITOR-GENERAL on BUSINESS REGISTRATION IN GHANA
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmittal letter</td>
<td>i</td>
</tr>
<tr>
<td>Executive summary</td>
<td>iii</td>
</tr>
<tr>
<td><strong>1 Introduction</strong></td>
<td></td>
</tr>
<tr>
<td>Reasons for the audit</td>
<td>1</td>
</tr>
<tr>
<td>Purpose and scope of the audit</td>
<td>2 – 3</td>
</tr>
<tr>
<td>Audit methods</td>
<td>3</td>
</tr>
<tr>
<td>Interview, Documentary review, Focus Group</td>
<td>3 – 4</td>
</tr>
<tr>
<td><strong>2 Descriptive chapter</strong></td>
<td></td>
</tr>
<tr>
<td>Legal framework</td>
<td>5</td>
</tr>
<tr>
<td>Vision, Mission, Goals and objectives, Functions</td>
<td>5 – 6</td>
</tr>
<tr>
<td>Organisational structure and Staffing</td>
<td>6</td>
</tr>
<tr>
<td>Key players and their activities</td>
<td>7</td>
</tr>
<tr>
<td>Systems description</td>
<td>7</td>
</tr>
<tr>
<td>Funding</td>
<td>8</td>
</tr>
<tr>
<td>Current development</td>
<td>9</td>
</tr>
<tr>
<td><strong>3 Findings</strong></td>
<td></td>
</tr>
<tr>
<td>Introduction</td>
<td>11</td>
</tr>
<tr>
<td>Progress in reducing delays</td>
<td>11</td>
</tr>
<tr>
<td>ICT infrastructure</td>
<td>13</td>
</tr>
<tr>
<td>Services delivered by supplier were not satisfactory</td>
<td>15</td>
</tr>
<tr>
<td>Operational constraints</td>
<td>26</td>
</tr>
<tr>
<td>Fee fixing regime</td>
<td>30</td>
</tr>
<tr>
<td>Conclusions</td>
<td>34</td>
</tr>
</tbody>
</table>
4 Recommendations
   Ensuring that the supplier delivers as required 37
   Ensuring satisfactory service delivery 42
   Removing operational constraints 43
   Enhancing revenue generation 43

Appendices
   ➢ Appendix 1: Documents reviewed 45
   ➢ Appendix 2: Statutes informing RDG functions 46
   ➢ Appendix 3: Proposed organisational chart 47
   ➢ Appendix 4: Key players and activities 48
   ➢ Appendix 5: Systems chart 49
Office of the
Auditor-General
Ministries Block ‘O’
P. O. Box MB 96
Accra

Tel. (021) 662493
Fax: (021) 662493

22 November 2007

Dear Sir,

PERFORMANCE AUDIT REPORT OF THE
AUDITOR-GENERAL ON BUSINESS REGISTRATION
IN GHANA

I have the honour to submit to you for presentation to Parliament my 18th performance audit report in pursuant to Article 187(5) of the 1992 Constitution and Section 13(e) of the Audit Service Act, Act 584. The Audit Service Act which came into force in November 2000, gives me authority to audit programmes and activities of public offices to ensure economy, efficiency and effectiveness in the use of resources.

2. The Audit Service traditionally audits the financial statements prepared by public bodies. Performance auditing has been introduced at Ghana Audit Service as part of a capacity building project funded by the European Union. The team that carried out the audit comprised Messrs Yaw Agyei Sifah, Acting Assistant Auditor-General (Leader), Henry Missah, Assistant Director, Aspect Caiquo, Management Consultant, Francis Addo, Management Consultant and

Performance audit report of the Auditor-General on Business Registration in Ghana
Ms. Beatrice Akintomide, IT Consultant under the supervision of Mr. R. K. Anaglate, Deputy Auditor-General, in charge of Performance Audits Department.

3. Performance audits are carried out by teams of professional staff, including specialists such as architects, legal experts, engineers, economists and accountants. Depending on the extent of the coverage and complexity, it normally takes between six months and one year to complete a performance audit, thus, making it more expensive than the traditional financial audit. Effective performance audits can lead to better use of resources by public bodies and provide support to democratic governments by bringing about accountability and transparency, improved operations and better decision-making.

4. This report to Parliament is the 18th report prepared by staff who have been professionally trained in conducting Performance Audits to internationally recognised standards to supplement the financial audits.

5. I would like to thank my staff for their assistance in the preparation of this report and the staff of the Registrar General’s Department for assistance offered to my staff during the audit.

6. I trust that this performance audit report will meet the approval of Parliament.

Yours Sincerely,

EDWARD DUA AGYEMAN
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA

Performance audit report of the Auditor-General on Business Registration in Ghana
EXECUTIVE SUMMARY

Registrar General's Department (RGD) is responsible for the initial registration of businesses in Ghana, which is considered a major step in starting up a business. RGD has since 2003 embarked on a transformation process on its business registration and filing regime to enable it reduce the number of days it takes to register businesses.

2. The key drivers of the transformation involve using Information and Communication Technology (ICT) as the backbone for registration services, re-engineering of processes and procedures for efficiency and customer satisfaction and facilitating the development of better regulations to reduce administrative burden on businesses.

3. Three years into the reform, concerns have been expressed both locally and in international circles about the time it takes to start a business in Ghana. The Auditor-General with CIDA's financial support carried out a study to review the reform programme. We examined the effectiveness of the re-engineering of business registration processes and determined the extent of collaboration with stakeholders in licensing business activities.

4. The findings of the study which covered the period 2003 to 2006 are outlined below. In summary, we found that while there had been some progress in reducing delays in business registration, significant barriers needed to be overcome to deliver further improvement.
There has been some progress in reducing delays in business registration

5. With the introduction of the computerised system, RGD has made significant reductions in the number of days taken to register businesses. For example, prior to 2006, it took averagely 19 days to register a limited liability company. This has reduced to averagely 11 days in 2006, although this is still higher than the department's own processing target time of five days.

6. Despite these improvements, we noted difficulties that the reform process is facing which are hindering efficient delivery of its services. These difficulties manifested in the configuration and implementation of the ICT system, an underdeveloped customer services unit, inability to syndicate with licensing agencies and some major operational constraints. The causes of some of the difficulties are detailed below.

Significant barriers need to be addressed if further improvement is to be made

ICT requirements were not fully delivered by the supplier who was poorly supervised

7. The RGDPro software delivered by Pro-Resolve a software consultancy firm to RGD for use in the registration and filing of business services did not meet the contractual requirements.

8. The system was not configured to generate business directory, errors and exception reports automatically whilst 20 percent of files on manually registered businesses were not captured on the system.

9. These cause delays in business registration as name searches have to be conducted both manually and electronically. More problems are
created when users try to extract data on companies that provide a particular type of service.

10. The ICT system is not fit for the intended purpose. A number of weaknesses in the configuration of the modules were identified from data input through processing controls, output controls and data migration to business continuity planning. Data processing generally takes about ten minutes to save data. Considerable time and effort is therefore wasted on waiting times and re-inputting data due to the system’s poor response time. Also some of the data that were transferred during the change from Gupta SQL database to Oracle cannot be retrieved, resulting in delays in information retrieval.

11. We noted laxity on the part of management in supervising the software supplier in holding him to deliver on schedules. Pro-Resolve is addressing issues in its own time and pace. The system, which was originally supposed to go live at the end of 2005, still does not have certain functionalities activated as at the end of 2006.

12. Management has weakened its position to impose sanctions on the supplier by paying all monies due the supplier before the contract was completed. This has resulted in:
   - Time slippage resulting from delay in completing the project
   - Failure to obtain anticipated benefits; and
   - Technical shortfalls that are impairing performance.

The way the organisation is staffed and managed

**Underdeveloped customer services at head office**

13. RGD has set up a client services unit at its head office to offer customer services. However, the unit is not making the necessary impact as client services activities are limited. The lone officer averagely deals with ten customer queries daily.
14. Considering the volume of transactions and number of visitors that throng the department daily, this is not satisfactory. Eighty per cent of applicants interviewed did not understand the requirements of the department and were not keen to use the unit because they had contacts within the department who handled their registration documents.

15. The result is that most staff members involve themselves in the business registration process by handling customers with the aim of getting some extra money, invariably at the expense of their routine schedules.

**Constraints facing localised offices**

16. RGD has opened two regional offices in Kumasi and Takoradi to enable them get closer to their clients to facilitate service delivery. The idea was to link the regional offices with Accra through a Wide Area Network (WAN) to enable the regional offices to complete the registration process at these locations and consequently reduce the efforts of customers and processing time.

17. The linkage has not been possible and this situation is adding to the delays in business registration. Registration of documents channelled through the regional offices take averagely, seven days before submission to Accra for processing and much longer time for the processing to be completed in Accra. Numerous reminders sent by the regional offices to Accra on registration documents that had delayed several months after submission was evident.

18. It appears documents sent from the regional offices do not get the necessary attention and the attendant delays have encouraged the activities of middlemen in the metropolis, adversely affecting customer confidence in the process.
Absence of policy and procedure manuals

19. RGD does not have a policy and procedural manual which will provide the framework to guide staff in carrying out their routine schedules. As a result, staff do not apply generally accepted standards in some of their activities. For example, in archiving, files generated are not sent to the records section until the records staff go for them. Also, files retrieved from the records room for filing and other purposes are unduly kept by those who requested them.

20. We noted further that, the census book and the files movement book hardly reconcile. Considerable time and effort are spent in tracing files. Also, newly engaged staff will require a long learning curve to be abreast with activities in the department.

Staff tenure

21. RGD’s ability to hire and fire staff is limited. Most staff are seconded from other departments. Staff trained by RGD can be recalled by their mother departments without recourse to them – a considerable loss of human capital. The replaced staff will require a long period of apprenticeship and training to ensure their smooth integration into the system. This process is likely to slow down business registration activities with the attendant delays. Also, the dual reporting relationships pose disciplinary and institutional challenges.

Organisational chart

22. Messrs Ernst and Young has proposed an organogram with ICT and Customer Services Unit as the key drivers of the reform strategy. This is yet to be implemented.

Collaboration with other state bodies

Collaboration with licensing agencies

23. Collaboration with other state institutions to facilitate licensing of businesses is weak. The other state institutions have their established
licensing procedures with no supervision/coordination from RGD. The situation has prompted RGD to include in its strategic objectives the facilitation of licensing activities with other state institutions. This is an area where substantial delays were noted at times as long as four months to obtain a business operating license or permit.

**Enabling Act**

24. An enabling Act sets out the powers, responsibilities and mode of operations of a legal entity. RGD has no enabling Act to harmonise the various duties and responsibilities scattered in the 14 different statutes underpinning its operations. To review its fees therefore, RGD has to consult each of the 14 statutes and submit proposals on each of them for consideration by Parliament.

25. Thus, considerable time and effort are employed by the department to undertake some of its responsibilities with the result that the registration fees it charges are not consistent with prevailing economic conditions.

**Unclear reporting relationships**

26. Attorney General’s Department is unclear about its supervisory and legal relationships with the department.

**Further improvements are needed because the current arrangements are compromising the department’s revenue generation**

27. Revenue generating potential of the department has not been fully harnessed due to the department’s inability to fix fees, exact compliance with filing, the use of non-serialised forms and certificates not end-dated.
Conclusions

28. Our main conclusions are:

There has been some progress in reducing delays in business registration

29. The burdensome business start-up in the country is attributed largely to the licensing agencies whose requirements are not standardised. Neither are their activities coordinated to afford a syndicated approach to business registration and licensing. On its part RGD has succeeded in reducing the turnaround time in business registration with the introduction of ICT but is still not achieving its own processing targets. Much however needs to be done with the proper management of ICT resources, development of client services and removal of operational constraints hindering efficient performance to enable RGD meet its own target for business registration.

Significant barriers need to be addressed if further improvement is to be made

ICT requirements were not fully delivered by suppliers who were poorly supervised

30. The contractor has not fully delivered the functional requirements specified in the contract, despite being paid upfront.

31. The present ICT system was not done to the required standard and does not exhibit robust, flexible and secure qualities.

32. Management did not exercise its supervisory role in a diligent manner to ensure that the project was delivered on time, within budget and to required specifications.
The way the organisation is staffed and managed

Customer services at head office
33. The department has not given customer services the needed attention in its business registration activities.

Localised offices
34. The inability of the regional offices to complete the registration process at their level has reduced them to mere collection and distribution points. Under the circumstances, their activities are adversely impacting on RGD’s efforts at achieving its short term target of registering businesses in five days.

Staff tenure
35. RGD’s continued ability to deliver efficient services are likely to be affected if it loses most of its trained staff whose tenure of office are determined by agencies other than RGD.

Organisational chart
36. The current organisational chart is incapable of delineating reporting levels and the command structure.

Absence of policy and procedure manual
37. RGD has neither policy nor procedure manual to guide staff in their routine schedules.

Collaboration with other state institutions
38. There is no cross departmental coordination between RGD and the other licensing agencies to facilitate the licensing activities of businesses.

39. Attorney General’s Department is not specific about its expectations from RGD’s management.

Performance audit report of the Auditor-General on Business Registration in Ghana
40. The absence of an enabling Act is hindering the effective delivery of service to the business community.

**Further improvement is needed because the current arrangements are compromising the department’s revenue generation**

41. RGD does not have the power to set and review registration fees.

42. The absence of pre-printed serial numbers on the forms could prevent their proper accountability.

43. RGD has never invoked the enforcement clause for filings. Meanwhile, its use of certificates which are not end-dated does not encourage voluntary compliance.

**Recommendations**

**ICT infrastructure**

**Delivery of requirements**

44. Management must ensure that the supplier delivers the contracted functional requirements.

**Unsatisfactory service delivery**

45. An assessment of the processing failures and shortcomings to identify the missing data on migration must be made for Pro-Resolve to rectify.

**Ineffective project supervision**

46. Payments for projects must in future be made only when the project is completed and the necessary sign-offs made.

**Client services**

**Head office**

47. The front office once deployed must be staffed with competent people and their job descriptions defined.
Regional offices
48. Management should as a matter of urgency, extend WAN to localised offices to enhance staff capacity and, in addition, reduce the protracted delays encountered in the regional offices.

Collaboration with licensing agencies
49. Management should open a one-stop shop with key licensing agencies to enable clients get required information with little effort.

Operational constraints
Administrative
50. RGD must lobby Parliament through the sector ministry for autonomous status and the enabling Act arising as a result will help address the blurred reporting relationship.

51. Management should consider operationalising the proposed organogram and additionally, develop policy and procedures manuals for key aspects of the department’s operations.

Revenue generation
52. The enabling Act will also repose the authority to fix and review fees in the department and in addition, be able to engage own staff. Management needs to take a look at the minimum stated capital for instance which was set 14 years ago.

53. Management must serialise forms and jackets in use for control and accounting purposes and end-date certificates to exact voluntary compliance with renewals.
CHAPTER ONE
INTRODUCTION

1.0 Reasons for the audit

The Government of Ghana has declared a Golden Age of Business for Ghana that will transform it into a world-class business destination. Under the programme, the private sector is to become the engine for growth and development. Business registration has a key role to play in the private sector development and the attainment of this presidential initiative.

2. There is, however, widespread public and international concerns about the time it takes to register a business in Ghana thereby prolonging the commencement of such businesses by both local and foreign investors. There is also concern that staff in the department are offered bribes to speed up the application process. Some business ventures have been abandoned as a result of frustrations encountered during the registration and licensing processes. The Government of Ghana, therefore, started a review of the registration and licensing regime for businesses in 2003 with donor support. The strategy was, among others, aimed at ensuring efficiency in the registration process.

3. Despite these efforts, a report by the World Bank titled “Doing Business in 2006” indicated that it takes approximately 64 days to start a business in Ghana. A section of the report that dealt with the topic - starting a business - did not rank Ghana, among 127 countries (where the study was carried out), that they found it easy to start a business- a factor that will attract the attention of potential investors.
4. The Auditor-General decided in collaboration with Canadian International Development Agency (CIDA) to establish the reasons for the difficulty in starting a business in Ghana.

1.1 **Purpose**

5. The purpose of the study is to evaluate the effectiveness of the re-engineering of business registration processes and determine the extent of collaboration with stakeholders in licensing business activities. This is intended to identify the constraints and make recommendations for improvement.

6. The audit set out to achieve the following specific objectives:

- to ascertain whether business registration is done in accordance with the relevant statutory requirements in a timely and expeditious manner;
- ascertain whether key players in business registration have appropriate standards, procedures and benchmarks to guide their activities;
- whether there is collaboration between the key players to capitalize on synergies;
- whether RGD is maximising revenue generation;
- whether the organisations have performance measuring standards; and
- to determine the effectiveness of reporting relationships between various players.

**Scope**

7. We carried out the audit between April and June 2007 and covering the period 2003 to 2006. We focused on registration of businesses at the Head Office of Registrar General's Department (RGD) and its two regional offices in Kumasi and Takoradi. We also looked at the activities of four selected licensing agencies.
1.3 Audit methods

8. We conducted interviews, reviewed documents and held focus group meetings to collect audit evidence. We also generated sample frames to enable us select unbiased samples from the population of registered businesses for detailed analysis.

Interviews

9. We interviewed key personnel at RGD involved in the registration of businesses to ascertain roles each of them play. We also interviewed schedule officers at four business licensing agencies - Environmental Protection Agency, Food and Drugs Board, Minerals Commission, and Pharmacy Council - to ascertain the processes involved in approving operating licenses/permits for the prospective businesses.

10. Schedule officers at Internal Revenue Service (IRS), Revenue Agencies Governing Board and Ministry of Justice and Attorney General were interviewed to ascertain their various roles and extent of collaboration in the registration processes. Twenty-five registered businesses were randomly selected and their proprietors/key officials interviewed to gain an insight into their concerns during the registration of their businesses.

Documentary review

11. Documents listed as Appendix 1 were reviewed to ascertain the driving force behind management policies and decisions and to extract audit evidence.

Focus group

12. Focus group discussions involving the Audit Team¹, Consultants involved in the project implementation at Registrar General’s

---

¹The Audit Team is made up of two performance auditors, two management consultants and an Information Technology specialist.

Performance audit report of the Auditor-General on Business Registration in Ghana
Department and a Deputy Registrar General were held to review the IT component of the reform with officials of Pro-Resolve, supplier and implementer of the software, RGDPro.
CHAPTER TWO

DESCRIPTIVE CHAPTER

2.1 Legal Framework
13. Registrar General's Department (RGD) was established as a department of the Attorney General by the Civil Service (Structure) Regulations, 1961 (L.I. 139) that established Attorney General as a special department. The 1992 Constitution gave the office of the Attorney General ministerial status: Ministry of Justice and Attorney General.

14. Aside Ordinance No. 35 of 1950 that imposes certain duties and confers certain powers on RGD, there is no state or ministerial level enactment regulating the operations of the Department. Instead, RGD's roles and responsibilities are spelt out in the various statutes listed as Appendix 2 to this report.

Vision
15. The vision of RGD is to become a highly progressive Department that efficiently and effectively serves its increasing customers by becoming a strategic partner to businesses and other stakeholders.

Mission
16. RGD's mission is to ensure efficient and effective administration of it's statutes, provide customer friendly registration services and the compilation of accurate and timely data for national planning, the business community and the public at large.
2.2 Goals and objectives

17. RGD’s core objectives are as follows:
   ➢ Re-engineering of processes and procedures for efficiency and customer satisfaction.
   ➢ Facilitate the development of better regulations to reduce administrative burden on businesses.
   ➢ Use of Information and Communication Technology as the backbone for registration services.
   ➢ Harmonise the numbering regime in association with TIN Centre and the Revenue Agencies.
   ➢ Facilitate licensing activities of businesses with other state institutions.

Functions

18. The Department is the sole authorised government organisation with the responsibility for the initial registration and maintenance of information on business organisations. It also provides such information to stakeholders who may need it for planning and decision making purposes.

2.3 Organisational structure

19. The core business of the Department namely: Business Registration, Marriage, Industrial Properties and Estates Administration, which are derived from the relevant statutes, underpin the proposed organisational chart attached as Appendix 3.

Staffing

20. RGD employs four out of 144 personnel. Other Ministries, Departments and Agencies (MDAs) have seconded most staff members of the Department with majority (65.3%) of the staff strength of 144 coming from Office of the Head of Civil Service (OHCS). The total
figure includes branch office staff. Table 1 gives a breakdown of staff composition.

Table 1: Staff composition of RGD

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attorney General’s Department</td>
<td>11</td>
</tr>
<tr>
<td>Registrar General’s Department</td>
<td>4</td>
</tr>
<tr>
<td>Controller &amp; Accountant-General Dept.</td>
<td>18</td>
</tr>
<tr>
<td>Office of the Head of Civil Service</td>
<td>94</td>
</tr>
<tr>
<td>Public Records and Archives Admin.</td>
<td>7</td>
</tr>
<tr>
<td>Central Systems Devt. Unit (MoFEP)</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
</tr>
</tbody>
</table>

*Source: RGD 2006 annual performance report*

2.4 Key players and their activities

21. The list of the key players and their activities is attached as Appendix 4.

2.5 Systems description

22. Business registration activities are handled by the Companies Section with the Legal Section as the highest approval authority for business registration. There are six categories of businesses that are registered by the Companies Section, namely:

- Business Names (Sole Proprietorships)
- Limited Liability Companies
- External Companies
- Companies Limited by Guarantee (e.g. NGOs, Associations)
- Private Partnerships, and
- Subsidiary Companies.
23. Business registration involves the following processes:
   ➢ Submission of registration particulars;
   ➢ Search to authenticate name of business;
   ➢ Opening of company file;
   ➢ Payment of registration fees;
   ➢ Generation of registration and TIN numbers;
   ➢ Approval and issue of certificate of incorporation;
   ➢ Submission of approval letter from the appropriate licensing agency; and
   ➢ Approval and issue of certificate for commencement of business.

Attached, as Appendix 5 is the Systems Chart.

Funding
24. RGD is funded mainly from Government of Ghana (GoG) sources. For the period 2003 to 2006, an amount of £9.65 billion was remitted for staff salaries, administrative, service and investment activities. In 2006, RGD received £10.04 billion from the Development Partners Polled Funds to implement activities under the business registration reform. The breakdown of actual GoG releases for the period is provided in Table 2.

Table 2: Source of funding-actual GoG releases (£million)

<table>
<thead>
<tr>
<th>Item</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel emolument</td>
<td>765.7</td>
<td>941.3</td>
<td>971.0</td>
<td>461.5</td>
<td>3,139.5</td>
</tr>
<tr>
<td>Administration</td>
<td>1,231.5</td>
<td>319.9</td>
<td>385.6</td>
<td>356.7</td>
<td>2,293.7</td>
</tr>
<tr>
<td>Service</td>
<td>32.0</td>
<td>601.3</td>
<td>400.0</td>
<td>179.1</td>
<td>1,212.4</td>
</tr>
<tr>
<td>Investment</td>
<td>1,222.5</td>
<td>630.0</td>
<td>911.4</td>
<td>237.8</td>
<td>3,001.7</td>
</tr>
<tr>
<td>Total</td>
<td>3,251.7</td>
<td>2,492.5</td>
<td>2,668.0</td>
<td>1,235.1</td>
<td>9,647.3</td>
</tr>
</tbody>
</table>

Source: RGD financial statements

Performance audit report of the Auditor-General on Business Registration in Ghana
25. Revenue generated internally by the RGD is paid wholly into the GoG consolidated fund, as required by law. For the period 2003 to 2006, GH¢141,119.1 million was realised. The breakdown is given in Table 3.

Table 3: Internally generated revenue (GH¢ million)

<table>
<thead>
<tr>
<th>Type of revenue</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estate/liquidation</td>
<td>33.9</td>
<td>53.9</td>
<td>1,045.4</td>
<td>3,740.3</td>
<td>4,873.5</td>
</tr>
<tr>
<td>Companies</td>
<td>14,896.3</td>
<td>22,286.3</td>
<td>21,297.5</td>
<td>25,924.0</td>
<td>84,404.1</td>
</tr>
<tr>
<td>Business Names/Partnership</td>
<td>4,460.3</td>
<td>7,528.3</td>
<td>6,787.5</td>
<td>6,567.4</td>
<td>25,343.5</td>
</tr>
<tr>
<td>Textiles/Trade Mark &amp; Patent</td>
<td>3,916.9</td>
<td>4,074.6</td>
<td>6,196.6</td>
<td>5,857.2</td>
<td>20,045.3</td>
</tr>
<tr>
<td>Marriages</td>
<td>421.8</td>
<td>428.3</td>
<td>637.5</td>
<td>758.3</td>
<td>2,245.9</td>
</tr>
<tr>
<td>Forms</td>
<td>550.0</td>
<td>969.0</td>
<td>1,253.0</td>
<td>1,434.8</td>
<td>4,206.8</td>
</tr>
<tr>
<td>Total</td>
<td>24,279.2</td>
<td>35,340.4</td>
<td>37,217.5</td>
<td>44,282.0</td>
<td>141,119.1</td>
</tr>
</tbody>
</table>

Source: RGD Returns to MoFEP

2.7 Current developments

- RGD is awaiting approval from Cabinet to retain 20% of the internally generated revenue to supplement its administrative vote (GH¢2.29 billion was provided by GoG as administrative expenses for the period under review).
- RGD is seeking further improvements in the IT infrastructure to afford online registration.
- There are proposals to review the organogram.
- RGD plans to open a third office in Tamale in the Northern Region to cater for the northern sector of the country.
CHAPTER THREE
FINDINGS

3.0 Introduction

26. Registration of businesses is the key means by which the Registrar General provides services to the Private Sector to enable it undertake its economic, industrial and developmental agenda. These services are delivered to entrepreneurs both local and foreign. Between 2004 and 2006, RGD registered a total number of 63,597 businesses.

27. We reviewed RGD's business registration and filing reform programme, which aimed, among other things, at reducing the time it takes to register businesses. Our findings are outlined below.

3.1 Progress in reducing delays in business registration

28. The operational benchmark under RGD's business registration and filing reform strategy is to reduce the number of days it takes to register a new company from about 19 working days to 5 working days in the short term and 3 working days in the medium term. The introduction of the computerized system (RGDPro Software) has significantly reduced the time taken for name searches from about 4 days to about half a day on the average. This has brought about improvements in the time taken to process registration documents, which has also reduced from 19 to 11 days on the average for limited liability companies. This is however, below the department's own target of processing registration documents in five working days in the short term. The trend, which was computed by the audit team, is shown in Table 4.
### Table 4: Trends of registration before 2006 and in 2006

<table>
<thead>
<tr>
<th>Business category</th>
<th>Number registered</th>
<th>Sampled size</th>
<th>Average time taken (days) Before 2006</th>
<th>In 2006</th>
<th>RGD target (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Names</td>
<td>14,283</td>
<td>100</td>
<td>7</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Partnerships</td>
<td>139</td>
<td>30</td>
<td>7</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Limited Liability Companies</td>
<td>6,765</td>
<td>100</td>
<td>19</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>External Companies</td>
<td>24</td>
<td>24</td>
<td>-</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Guaranteed Companies</td>
<td>2,092</td>
<td>100</td>
<td>-</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>Subsidiary Companies</td>
<td>161</td>
<td>31</td>
<td>-</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Ghana Audit Service and RGD's IT Unit*

![RGD Data entry staff at work](image)

29. Notwithstanding the improvements in the time taken for business registration, there are still some difficulties the business registration and filing
reform strategy is facing which are hindering the effective delivery of the programme.

30. We noted that:
   ◆ ICT is contributing to service delivery but its development has significant constraints which the department has to deal with;
   ◆ The current set up of the department’s customer services does not enable efficient customer friendly services;
   ◆ There are major operational issues to be resolved to advance the reform programme.
   ◆ Revenue generating potential of the department has not been fully harnessed.

3.2 ICT infrastructure
31. RGD embarked on a reform programme to improve its services to the public, notably to enhance its capability to improve business registration processes, filing and retrieval of information and documents by applying information technology to manage business registration activities.

32. This ICT strategy was influenced by RGD’s desire to use it as the backbone for registration services. The ICT strategy objectives were:
   ◆ To facilitate registration, renewals and amendment processes through easy and timely access to information;
   ◆ To progressively eliminate the use of manual system of recording, storing and retrieval of information on registered businesses;
   ◆ To enable electronic form processing;
   ◆ To make registration services widely available through the Internet;
   ◆ To provide a cost effective, secured, reliable, available and
scalable technology infrastructure; and
◆ To enhance communication and sharing of information within and outside RGD.

33. The achievement of the department’s objectives, however, requires implementation of an efficient IT system and its continuous maintenance. The present IT infrastructure of the department does not meet the objectives of the IT strategy.

34. We reviewed the configuration and implementation of RGD’s Business Registration Information System (RGDPro) that involved: compliance with contract terms, user requirements, operating system, application system and database.

35. Against this background, we found that:
➢ RGD’s ICT requirements were not fully delivered by the supplier, Pro-Resolve;
➢ Service delivery by the supplier was not satisfactory; and
➢ Supervision of the software implementation was not effective.

3.2.1 ICT requirements were not fully delivered by suppliers
36. GoG (Ministry of Justice) Appendix C document detailed the functional requirements for the supply of software and related services to RGD. The items included but not limited to:
➢ Ability to produce a report (business directory) on registered businesses engaged in a particular trade or object;
➢ Provide user interface for the capture of data items from forms used for changes and amendments to existing information;
➢ Ability to maintain historical information on changes and amendments to existing information; and
➢ Ability to convert all identified data on to the system.

Performance audit report of the Auditor-General on Business Registration in Ghana

14
37. In our review, we noted, that the RGDPro Software delivered by Pro-Resolve, a Software Consultancy firm, to RGD to deliver services to its clients is incapable of meeting these functional requirements. In particular,

➢ The system cannot generate business directory and errors and exception reports automatically; the system does not restrict or control how objects are classified or described. This creates problems when users try to extract data on companies that provide a particular type of service.

➢ Key module that can be used to undertake amendments and renewals has not been activated, therefore, amendments and renewals are done manually only; changes are currently not captured on the department’s system; and

➢ RGD estimates that 20% of files on manually registered businesses have not been captured on the system causing search on names of registered businesses to be conducted both manually and electronically with its attendant delays.

3.2.2 Services delivered by supplier were not satisfactory
38. The IT system should be robust, user-friendly and fit for the intended purpose. The features of the system should ensure, among others, that:

◆ All valid transactions are completely and accurately processed;
◆ Data is processed timeously;
◆ All transactions and computations failing the processing controls are output to a separate file or included in an error/exception report;
◆ Controls over reporting are suitably designed and functioning as intended; and that
◆ The integrity and accuracy of standing data and master files is maintained.
39. We also expect management to implement proper controls over physical and logical access to the system and make adequate arrangements to ensure the continuity of business operations in the event of a failure of the IT system. This is to ensure that all risks to the IT system are mitigated and that the application can be recovered within the required time frame.

40. We identified a number of serious weaknesses in the configuration of the modules, which are already in use by the Department. The weaknesses were identified in the following areas; data input, processing controls, output controls, service support and delivery, data migration and business continuity planning.

Data input
41. The system is unable to classify business objects into sectors/sub-sectors in which the business is operating. This is due to the fact that there is neither a drop down menu nor list of values restricting the information that could be entered in relation to “objects” to a predetermined selection. Additionally, the poorly configured system prevents inputs of all receipt numbers and the corresponding amounts collected, thus, preventing assurance on completeness of income and cross-referencing of data fields. Furthermore, the only filing information the system can accommodate is “change of name”

Processing controls
42. During data processing, it generally takes about ten minutes to save data. Where staff gives up on waiting, assuming that the data has not been saved and proceed to input it again, the system will allow the input to progress but reject the data at the point of it being saved. When this happens, the error message generated does not depict the nature of the error. Considerable time and effort are therefore wasted on re-inputting
data due to the system’s poor response time. The multiple running sessions with consequential adverse impact on response times and processing capacity leads to further delays in business registration.

Output controls
43. The system has not been configured to facilitate retrieval of data saved on the database. Neither can it generate exception reports, particularly on overdue renewals nor standard reminders and covering letters.

Service support and delivery
44. There is over reliance on Pro-resolve for resolution of day-to-day operational matters due to lack of system administrator access by the Department’s in-house IT team. In particular, RGD staff lack access to run exception reports. Transactions that fail processing controls cannot therefore, be easily identified.

Data migration
45. Some of the data that was transferred during the change from Gupta SQL database to Oracle could not be retrieved. In some cases it was possible to retrieve the business names and registration numbers but not the details of Directors and Objects. The contractor’s failure to transfer all data to the new system has resulted in incomplete information that delays information retrieval.

Business continuity planning
46. It has not been possible to take full backup copies of data stored on the database. Should the system fail, RGD may experience prolonged delays before it can resume business operations. The stability of the system and the continuity of business operations are further threatened by the absence of robust IT management arrangements within the
Department. These include:

- The absence of clearly defined and documented policies on physical and logical security, change, availability and capacity management;
- The department’s failure to make proper arrangements to support the RGDP Pro system; and
- The absence of a formal business continuity/disaster recovery plan.

3.2.3 Supervision of ICT systems implementation was not effective

47. A well-managed project is supported by a well-documented agreement specifying issues like: terms of payment, key deliverables, time schedules, supervision and coordination and reports required.

48. The objective is to ensure that the project proceeds according to specifications, time and cost and in a well-organised manner. In addition, post-project policy documentation should ensure that hardware, software, data processes and computer environment are physically and logically safeguarded from damage, misuse or unauthorised access through appropriate policies and controls.

49. We noted laxity on the part of management in supervising the Software supplier and holding them to deliver on schedule. The RGDP Pro Business registration system was originally supposed to go live at the end of 2005. As at the end of 2006, whilst the system is already in use by RGD, not all the functionalities have been activated. Also, a number of weaknesses identified in the configuration that has gone live have been cited elsewhere in the report. At a meeting held by the auditors, RGD and the Software Supplier on 3 May 2007, the supplier gave assurance that the matters will be resolved within two weeks. As at 21 June 2007, those matters remained unresolved.
50. Again, Pro-Resolve has not provided RGD with technical documentation as part of the systems development. The technical documentation should show the links and flow of information to and from other systems.

51. We further noted, that whilst RGD has agreed project milestones and a sign-off process with Pro-Resolve, these are not operating in practice. Pro-Resolve appears to be addressing the issues in their own time and pace. This has delayed the handing over of the project by the Supplier thus, denying RGD the anticipated benefit of reducing delays in the registration process.

52. The situation is further compounded by the inability of RGD to sanction the supplier for non-performance since RGD has paid all monies due to the supplier before the contract was completed. RGD could not provide the audit team with the contract sum and related documentation. The chances that the supplier would undertake to complete the outstanding matters and produce the necessary technical documentation in connection with the project cannot be determined.

53. The consequences of the poor project management are as follows:
   ◆ Cost overruns resulting from cost of completion exceeding original contract sum;
   ◆ Time slippage resulting from delay in completing projects;
   ◆ Technical shortfalls impairing performance; and
   ◆ Failure to obtain anticipated benefits.

3.3 Customer services
54. Customer services at both head office and the localised offices do not enable efficient customer-friendly services. Whilst head office client services have not been fully developed, regional offices have been
reduced to mere collection points. In addition, interface with licensing agencies is yet to be effected. There is no formal procedure informing new businesses that the offer of bribes to speed up applications will not be tolerated.

3.3.1 The department has not fully developed client services at the head office to improve customer service

55. Previously RGD delivered its services only at the head office in Accra but now wants to diversify customer service delivery as follows: front desk service at head office, postal services, localised offices and other electronic services.

56. The factors driving the change in the way RGD conducts it business include:

➢ The desire to provide a better service; RGD aims to provide a quicker, more responsive and accessible service that maintains quality and consistency;
➢ Responding to customer needs; customers want facilitation of licensing activities of businesses with other state institutions.

57. One of the department’s operational benchmarks is to provide customer friendly business registration services. Client Services Centre is a key part in supporting the department in achieving efficient service. The department recognises the importance of setting up a front desk to serve its wide range of customers. As part of these efforts, the department’s front office estimated at ₴3.50 billion is under construction. In the interim, the department has opened a client services office at the ground floor at the head office building to provide customer services to the public.
58. The key functions of the department's client services office are to receive:

➢ Complaints from the public and channel them to the appropriate quarters for resolution;
➢ Tax Identification Numbering (TIN) forms from the various sections for processing and communicate TIN numbers accessed from the TIN Centre to the appropriate quarters for further action;
➢ Application of business registration forms from the regional offices for submission to the appropriate section for processing. Processed registration documents are returned via the office; and
➢ Industrial design registration documents for processing.

59. We noted that, the location of the office and the numerous functions of the single officer in charge of the office, especially in accessing TIN numbers, are not enabling efficient customer service delivery.

60. We also noted that, the officer, on a daily basis, deals averagely with ten customer queries; that is not satisfactory considering the scale of transactions within the department and the number of customers that throng the office on daily basis.

61. We interviewed 25 customers of the department to determine whether a potential customer knows where to find out about the requirements for the registration of business, status of their registration documents and next line of action. Five of the interviewees indicated that they had some knowledge of the requirements for registration of businesses while 20 (80%) of them had no idea about the requirements. All 25 of them said they were not bothered about the status of their registration documents because they had contacts within the department who were handling them.
62. The benefits of using a client service centre include a quicker and more convenient service for customers. The department has not developed this aspect well and has resulted in most staff involving themselves in the business registration process by handling customers with the aim of getting some extra money, invariably, at the expense of their routine schedules.

3.3.2 The localised offices are contributing to service delivery but there are some significant problems, which the department needs to overcome

63. Regional offices are playing major roles in supporting the performance of the department in the area of customer care services. However, there are problems with the operations of the regional offices that have adversely impacted on their performance. These include inability of the regional offices to complete the processing cycle at the regional level and the under-utilisation of staff stationed there.

64. RGD opened its offices in Takoradi (Western Region) and Kumasi (Ashanti Region) in November 2004 and August 2006, respectively, in fulfillment of their operation benchmark of providing customer friendly business registration service, which is close to the client by location. This aspect of the programme is expected to link the regional offices with the network in Accra through a Wide Area Network (WAN) to enable the regional offices to complete the registration processes at these locations and thereby reduce the number of days they take to process business registrations.

65. After 26 months, the department has found it difficult to achieve this objective. Currently, the regional offices are responsible for educating applicants on filing of registration documents, collecting fees,
assisting applicants in conducting searches on names of registered business through head office in Accra and collecting and collating completed application forms for submission to Accra for processing.

66. These registration forms are batched and submitted to Accra for processing on the average 5 and 7 days intervals for Takoradi and Kumasi, respectively. Because the applicants are not available to follow up on such applications, they do not get the needed attention. We found evidence of numerous reminders sent by the regional offices to head office on registration documents whose processing have been delayed several months after submission.

67. The result is that it takes longer time to process business registration in the two regions than in Accra. On the average, it takes three days to register business names directly in Accra while those channeled through the regional offices take on the average 17 days. For limited liability companies it takes averagely 51 days to complete the registration process in the regions (18 days to be issued a Certificate of Incorporation and 33 days to be issued a Certificate to Commence Business), whilst it takes averagely 11 days for these to be done directly in Accra.

68. These delays have encouraged the activities of middlemen in the metropolis and adversely affected customer confidence in the process. The delays at the regional offices could adversely impact on RGD’s overall long term target of reducing the time taken to complete the registration process in five days.
3.3.3 Collaboration with other state institutions to facilitate licensing activities of businesses have not materialised

69. Companies are required by statute to obtain business-operating licenses before commencing their business activities. Institutions involved in the licensing of businesses in Ghana are varied, each operating within its terms of reference based on its area of specialty. The particular licensing agency a company has to deal with depends on its business objectives.

70. The rationale for licensing business activity is to protect public safety and health. There is good reason to require licenses for businesses that produce food or medicine or use hazardous materials, for example.

71. There are three reasons to facilitate the licensing regimes. First, with simpler procedures, larger businesses will be attracted. Secondly, reducing the hassle of obtaining licenses keep more businesses in the formal sector, which may improve safety. Finally, government can save money with fewer and simpler licenses and inspections. Fewer burdens on businesses will thus expand the sector.

72. We reviewed the activities of some selected licensing agencies to ascertain their requirements, procedures and duration in approving the licensing of businesses. We noted that on the average, it takes between one and thirty weeks to license a business. The situation in four such institutions is shown in Table 5.
Table 5: Average time taken to obtain a license

<table>
<thead>
<tr>
<th>No</th>
<th>Agency</th>
<th>Licensing activity</th>
<th>Average time taken (weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Minerals Commission</td>
<td>Mining lease</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industrial minerals</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Food and Drugs Board</td>
<td>Herbal products</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drugs</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Food</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advertisement</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Environmental Protection</td>
<td>Agrochemicals</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Agency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Pharmacy Council</td>
<td>Retail pharmacy</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wholesale pharmacy</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retail and wholesale</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pharmacies within</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>hospital, clinics, etc</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chemical sellers</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Ghana Audit Service compilation

73. We noted that, apart from the Minerals Commission which is required by statute to give a particular community 21 days notice through their District/Municipal Assembly to react to the request for mining concessions before approval, the other agencies are not limited by any legal requirements.

74. The requirements of these agencies include but not limited to:

- Companies certificate of registration or incorporation and certificate to commence business;
- Copy of company regulation (8-82) detailing information on shareholders and directors;

Performance audit report of the Auditor-General on Business Registration in Ghana
Permits from Environmental Protection Agency;
Architectural and Engineering Services Limited permits;
Site plan of building or area applied for (mining concessions),
Search reports; and
Fully completed application forms purchased at the licensing agency.

75. Striking the right balance between the ease of registering business and the requirements/duration for licensing of businesses is of utmost importance for business start-up and job creation. The RGD has proposed to undertake as one of its strategic objectives to facilitate licensing activities with other state institutions. However, the department has not spelt out the form this will take and the take off time. Until the interface is actualized, the protracted delays in obtaining licenses/permits will persist.

3.4 Operational constraints facing RGD
76. RGD’s operational efficiency is constrained by not clearly defined accountability arrangements, lack of policy/procedures manual and staff dominated by agencies RGD has limited control over.

3.4.1 Accountability arrangements
77. A primary role of accountability is to facilitate adequate and consistent measurement and reporting. This can be achieved by setting out instructions in a legislation or policy document. The framework sets out:
Desired level of performance – targets;
Indicators or measures of performance;
How to monitor achievements of targets and indicators; and
Defined internal and external reporting mechanisms e.g. format, contents and frequency.

78. We noted that, accountability arrangements were impaired by lack of an enabling Act, a dysfunctional organisational chart, blurred
reporting relationships, absence of policy or procedures manual and seconded staff whose primary allegiance may reside outside the department.

3.4.1.1 Enabling Act

79. The Act establishing any legally recognisable government entity sets out its powers and defines the responsibilities, the mode of operations and the administrative set up of the entity.

80. We noted that, there is no specific legislative or ministerial enactment regulating the operations of the department aside from Ordinance No. 35 of 1950, which imposes certain duties and confers certain powers on the department. As a result, the department’s various duties and responsibilities are scattered in 14 different statutes listed as Appendix 2.

81. In the absence of a formal enabling legislation setting up the department, it takes the various statutes regulating the registration of businesses as given and apply them. One notable effect is that unlike the licensing agencies who are authorised by their enabling Acts to set fees and review their requirements in line with current developments, RGD is constrained in the absence of such an Act. This has affected the reasonableness of its charges in terms of current economic conditions, among others.

3.4.1.2 Organisational chart

82. An entity’s organogram shows functional relationships, reporting levels and the command structure within the organisation and with other supervisory authorities outside the organisation.
83. A fundamental review of the department by Messrs Ernst and Young saw the existing organogram, which was a legacy from the colonial times to be incapable of providing quality services to the business community. As a result, the department has, in its 2006 Annual Performance Report, proposed a new organisational chart that recognizes Information Technology and Customer Services Unit as the pivots for the success of the reform strategies. Accordingly, heads of these sections have been elevated to directorate levels.

84. At the time of compiling this report in June 2007, however, the proposed organisational chart has not yet been implemented. We further observed that the proposed structure stops at the Registrar General’s level even though he is supposed to report to the Attorney General.

3.4.1.3 Unclear reporting relationships
85. The Chief Director of Ministry of Justice and Attorney General’s Department said the ministry has administrative responsibility for RGD regarding budget reconciliation and sourcing funds from its budgetary allocation from Ministry of Finance and Economic Planning. We also learnt at the Ministry that the Registrar General reports directly to Attorney General on legal matters. Our efforts to meet the Attorney General to discuss on the nature of the legal relationship did not materialise.

86. Our interviews at RGD and the few reports we sighted could however not describe the nature of the accountability relationship between the Attorney General and the department, in particular, the Attorney General’s supervisory role.

3.4.1.4 Absence of policy and procedures manual
87. One of RGD’s strategic objectives is to facilitate the development of better regulations to reduce administrative burden on businesses.
Documented policies do serve as standards of performance, indicating what could or could not be done whilst procedures manual shows how things should be done and thus, serves as a guide to newly engaged staff to reduce the learning curve. There are neither policies nor procedures manual on any aspect of RGD’s operations, thus, elongating the learning curve for newly engaged staff.

88. Archiving for example, is one area that urgently needs a policy and procedures manual as RGD has an enormous number of files. Our review of the Census Book and the Files Movement Book indicated that the two lists hardly ever reconcile. This was because files generated are not sent for archiving by the initiators until the records staff go for them. Additionally, files retrieved from the records room for searches are unduly kept by those who requested for them. These have the tendency to delay name searches.

3.4.1.5 Seconded staff dominance
89. Clerical staff from Office of Head of Civil Service who constitute 65% of the 144 staff strength dominate the staff mix of RGD. Out of the total number, the bona-fide staff of the department as at June 2007 was only four. Details of the staff mix are shown in Table 1 on page 7 of this report. The staff composition has implications for staff tenure and discipline.

Staff tenure
90. The power to hire and fire RGD staff resides with authorities outside the department who therefore, decide the staff tenure. As a result, the mother department can recall staff trained by the department without recourse to RGD. The replacement staff needs training to ensure their smooth integration into the system: this represents a considerable loss of human capital and could bring about a long period of apprenticeship which is likely to slow down business registration activities.
91. Additionally, the seconded staff’s primary allegiance goes to the mother departments and the dual reporting relationships could affect discipline and cooperative spirit in the department.

3.5 Revenue generating potential of the department has not been fully harnessed

92. One of the objectives of the reform strategy is to increase revenue by at least 10% on yearly basis. This is against the backdrop that RGD has enormous revenue generating potential which has not been fully exploited. This situation has resulted from its inability to set, review or modify fees, exact compliance with filings and/or encourage voluntary compliance. Forms in use are also not numbered serially whilst certificates are not end-dated.

3.5.1 Fee fixing regime
93. Section 20 of Financial Administration Regulation, 2004 (LI 1802) requires heads of departments to review annually the efficiency of collections and relevance of fees and rates charged to current economic conditions and submit proposals through the appropriate sector ministry to Parliament for approval.

94. We noted, on the contrary that the department has no vested authority to set, review or modify chargeable fees, which indeed are dictated by the applicable legal instruments imposing the registration requirements. Reviewing fees in order to charge realistic rates has been a tall order for the department with the result that the department’s charges are out of touch with current realities.

95. In particular, the current stated capital of ₤5 million and the corresponding stamp duty of 0.5% of the stated capital were set 14 years
ago in 1993 and 1997 respectively. Meanwhile stamp duty paid on registration of companies is the highest income earner for the department. If revenue generation is to be improved then a consideration must be given to the quantum of the minimum stated capital and/or stamp duty.

96. Additionally, the Deputy Commissioner of IRS in charge of Research, Planning and Monitoring disclosed that as at August 2006, whilst RGD had registered a total of 128,000 companies, IRS had only 17,000 on its database. Even though he conceded that some of the companies could either be inactive or redundant, he added that at least 25,600 registered companies being 20% of the 128,000 companies registered by RGD are actively pursuing their core businesses. Meaning that, only 17,000 out of the active 25,600 companies (66%) are covered by the tax net, if his estimation is anything to go by.

97. The limited information IRS has on businesses registered by RGD stems from the fact that the two agencies are not networked. Thus, a designated IRS staff once every month goes to RGD with a pen drive to copy data on businesses registered. This arrangement was said to have started in August 2006. If the bulk of registered businesses are not in the IRS tax net as a result of the absence of proper networking of the two organisations, then charging realistic fees is the logical alternative to generate revenue.

3.5.2 Forms are not serially numbered

98. Section 210(3) of FAR (LI 1802) stipulates that all value books and forms shall for the purposes of records and control be identified by printed serial numbers.
99. We noted that, forms and jackets in use by the department were not serially numbered in contravention of the above quoted regulation. One of the security features of a value book is its serial number and in its absence, accountability for them becomes very difficult. While printers can under supply their consignment, staff of the department can print their own forms or duplicate the genuine ones, selling both alongside.

100. Sale of forms accounted for ₵4.12 billion or 3% of the total internally generated revenue of ₵141.12 billion as shown in Table 3 on page 9 of this report. We believe the figure could have gone up if the forms were serialised, strictly controlled and sold. On its part, Controller and Accountant-General’s Department (CAGD) could not provide the production cost of the forms it supplied to the department to enable us compare the production cost to the revenue derived from their sales after taking care of the mark-up on cost. Our interview of staff of Value Book Store of CAGD however, revealed that RGD is the only department in the country whose forms and jackets in use are not serialised.

101. The incidence of agents printing, selling and processing registration with staff at head office abound in Kumasi. During our visit to the Kumasi office, we were informed that Bureau of National Investigation (BNI) was quizzing registration agents who they initially suspected to be staff of the Kumasi office but who apparently turned out to be agents operating in the ministries area. He added that majority of prospective customers innocently believe in the legitimacy of business registration in the ministries area.

102. The fact that the various statutes informing the registration of businesses enjoin the Registrar to prescribe the form and content of registration documents by legislation, cannot take away the fact that value books must be serialised for record and control purposes.
3.5.3 Registrar General’s Department does not enforce compliance with filing

103. Section 122(1) of Act 179 requires every company to file its annual returns at least once a year with the Registrar for registration. When a company fails to deliver any return, the Registrar shall notify the offending party and if it does not purge itself of the default within 28 days on receipt of the notice, the Registrar will apply to the court to order the company to make good the default.

104. We noted that, the Registrar has never invoked the enforcement clause in Article 335 of Act 179 for compliance and rather relied on voluntary compliance by companies and partnerships. Meanwhile, business registration certificates have perpetual validity, which does not encourage voluntary compliance with filing. Additionally, the department has reneged on its duty to conduct periodic inspection of business premise to ascertain the status of their registration among others.

105. We further observed that, where an entity is compelled by extenuating circumstances, such as landing a contract, to review its registration, the arrears of registration are calculated at the current rate before the renewal of registration is effected.

106. The department’s inability to either enforce compliance with filing or encourage voluntary compliance and limited inspection of business premises are denying it the anticipated revenue from filing of returns.
3.6.2 Conclusions

Progress in reducing delays in business registration

107. The burdensome business start-up in the country is attributed largely to the licensing agencies whose requirements are not standardised. Neither are their activities coordinated to afford a syndicated approach to business registration and licensing. On its part, RGD has succeeded in reducing the turn around time in business registration with the introduction of ICT. Much however, needs to be done with the proper management of ICT resources, development of client services and removal of operational constraints hindering efficient performance to enable RGD meets its own target for business registration.

ICT requirements were not fully delivered

108. The contractor has not fully delivered the functional requirements specified in the contract, despite being paid upfront.

Unsatisfactory service delivery by supplier

109. The present ICT system was not done to the required standard and does not exhibit robust, flexible and secure qualities.

Ineffective supervision of ICT system implementation

110. Management did not exercise its supervisory role in a diligent manner to ensure that the project was delivered on time, budget and specifications.

Collaboration with other state institutions

111. There is no cross departmental coordination between RGD and the other licensing agencies to facilitate the licensing activities of businesses.
Client services at head office
112. The department has not given customer services the needed attention in its business registration activities.

Localised offices
113. The inability of the regional offices to complete the registration process at their level has reduced them to mere collection and distribution points. Under the circumstances, their activities are adversely impacting on RGD’s efforts at achieving its short term target of registering businesses in five days.

Enabling Act
114. The absence of an enabling Act is hindering the effective delivery of service to the business community.

Organisational chart
115. The current organisational chart is incapable of delineating reporting levels and the command structure.

Unclear reporting relationships
116. Attorney General’s Department is not specific about its expectations from RGD’s management.

Absence of policy and procedure manual
117. RGD has neither policy nor procedures manuals to guide staff in their routine schedules.

Staff tenure
118. RGD’s continued ability to deliver efficient services are likely to be affected if it loses most of its trained staff whose tenure of office are determined by other agencies other than RGD.
Fee fixing
119. RGD does have the power to set and review registration fees.

Non serialization of forms
120. The absence of pre-printed serial numbers on the forms could affect their proper accountability.

Non-enforcement of compliance with filings
121. RGD has never invoked the enforcement clause for filings. Meanwhile, its use of certificates which are not end-dated does not encourage voluntary compliance.
CHAPTER FOUR

RECOMMENDATIONS

Ensuring that the supplier delivers as required
122. Management should ensure that the supplier delivers the entire original functional requirement within a stipulated time frame. The Project Manager should review the contract document to ascertain means of seeking redress should Pro-Resolve continue to fail to meet their contractual obligations.

Ensuring satisfactory service delivery
123. Management should undertake an assessment of the processing failures and short comings, identify the missing links between data on the Gupta database and data transferred to Oracle and as a matter of urgency, request Pro-Resolve to rectify them.

124. In future, when migrating data, management should ensure that:
- It has documented data cleansing, conversion and migration plans and that rules and responsibilities are clearly defined as well as target delivery dates;
- Test plans should also be developed to ensure that proper testing is carried out on the completeness and accuracy of data;
- Each state of the migration process is formally signed off.

Ensuring proper supervision
125. The Project Implementation Team should regularly monitor the progress of the implementation of the ICT aspect of the programme. Management should agree a date with Pro-Resolve on which the system would be handed over and monitor progress made on the resolution of outstanding matters to ensure that revised deadlines are met.
126. Management should also ensure that as part of the handing over process, the supplier provides a complete and up to date technical documentation on the system. Additionally, management should ensure that, in all future contracts, payment is only made for actual work done.

Ensuring that IT strategies meet current and future needs
127. Management should ensure that, in future, new systems are only implemented in the live environment after all the functionalities have been tested and all pertinent issues resolved to the organisation’s satisfaction.

128. For RGD to derive any real benefits from the RGDPro system, the following configuration changes are required, among others:
   ◆ Adequate validation checks should be built into key input fields. The current validation checks should be extended to include the receipt number, date of receipt, date of birth and TIN fields.

   ◆ The application should be configured to accommodate more than one receipt number and be capable of differentiating between the various categories of fees;

   ◆ The system’s processing and data handling requirements should be properly assessed and tested prior to full implementation in August 2007.

   ◆ Pro Resolve should review the cause of the backup failures and implement appropriate remedial action.

129. Additionally, management should ensure that:
   ◆ The responsibility for updating business registration details is assigned to designated staff;
• All amendments are supported by prime documentation showing reasons for change and data items to be changed;
• All changes are checked by an independent person, preferably staff at supervisor level, to ensure accuracy; and that
• Physical access controls are enforced.

130. Management should also ensure that a comprehensive assessment of the risks posed to the IT systems is undertaken to ensure that appropriate mitigating controls are put in place. Robust arrangements should also be in place for system support and upgrade. Once the backup problems have been resolved, management should ensure that the backup media is stored securely at an off-site storage facility. Restoration of data from backup media should be tested at regular intervals to ensure that the backup process operates as intended.

Ensuring that the customer service at RGD head office deliver efficient services
131. To develop further and to focus on meeting customer needs, management should ensure that the front office, once deployed is manned by officers who are fully trained and have a thorough understanding of customer demands.

132. Management should also place the work of customer services in the context of a whole customer experience and measure time taken from the first contact to the receipt of benefit and the time taken to resolve an issue and/or receipt of benefit.

133. Information should be provided to all applicants that bribes will not be accepted or tolerated. An example of a Public Notice to that effect is provided on page 49. Also on page 50 a Complaints Form is provided.

Performance audit report of the Auditor-General on Business Registration in Ghana
PUBLIC NOTICE

THIS NOTICE IS FOR THE ATTENTION OF
THE GENERAL PUBLIC

1. Do not give any money or gift to any person here to accelerate the application process.

2. If you attempt to do so you will be reported to the police.

3. Collect official receipt for any monies you pay

4. The average time for getting registration processed is as follows:
   ◆ Registration of business name    -  3 days
   ◆ Registration of limited liability Company
   ◆ Certificate of incorporation      -  5 days
   ◆ Certificate to commerce business  -  2 days
   ◆ Registration of partnership       -  5 days

5. Any person who does not get his/her documents within the above suggestive days should, using the form on page 50 inform:

   THE DIRECTOR
   INSPECTORATE UNIT
   OFFICE OF THE AUDITOR-GENERAL
   GHANA AUDIT SERVICE
   P. O. BOX M.96
   ACCRA

6. Any person who does not get full satisfaction for services required should also report to the Director as above.
COMPLAINT FORM FOR LATE REGISTRATION OF BUSINESS

1. NAME: ...............................................................................................................................................
   (Surname) .................................................................................................................................
   (Other names)

2. ADDRESS: ................................................................................................................................................
   ...........................................................................................................................................................

3. BUSINESS NAME: ..............................................................................................................................

4. TELEPHONE NO.: HOME: ...................................................................................................................
   OFFICE: ..............................................................................................................................................
   CELL: ...................................................................................................................................................

5. NATURE OF COMPLAINT: .......................................................................................................................
   ...............................................................................................................................................................
   ...............................................................................................................................................................
   ...............................................................................................................................................................

.........................................................  .........................................................
SIGNATURE  DATE

BUSINESS STAMP

Performance audit report of the Auditor-General on Business Registration in Ghana
Enhancing the capacity of localised offices to deliver
134. To help reduce the number of days taken to register businesses at the localised offices, management should ensure the rapid implementation of the reforms especially in extending the Wide Area Network to their localised offices to ensure that the devolvement of registration of business services to the localised offices are actualised. Efficient utilisation of the capacity of the local staff shall be ensured thereby.

Interfacing with relevant stakeholders
135. To provide information on the requirements and procedures of key licensing agencies to ensure proprietors of businesses receive their operating permits with little hassle, we recommend that a one-stop shop be opened on RGD premises. Ghana Investments Promotion Centre operates such a facility where key stakeholders can be contacted at arms length.

136. Additionally, the Wide Area Network installation must be speeded up so that key players like IRS, which feeds on data generated by RGD can obtain up to date data at the touch of a button.

Removing operational constraints
Organisational chart
137. Management should revise its organogram to provide quality service to the business community.

Unclear reporting relationships
138. We recommend to management to lobby Parliament through the sector ministry for the promulgation of an enabling Act to streamline the blurred reporting relationships and define RGD’s powers and capabilities to enable it provide quality service.
Staff tenure
139. Since RGD does not employ staff and also has little control over movement of support staff, management should document policies and procedures to guide all employees on all aspects of its operation.

Policy and procedures
140. We further recommend to management that, archives be developed to store files and records and a policy on retention of documents developed. This is intended to free up space for current active documents. A well-organised filing system ideally with more shelves should be provided to accommodate files to facilitate their retrieval.

Enhancing revenue generation
Fee fixing
141. It may be prudent to raise the minimum stated capital and the stamp duty to rake in more revenue on registration. Company auditors may prevail upon their clients to consider their minimum stated capital in their own interest as no financial institution will consider such entities for loans.

Enabling Act
142. We further urge management to lobby Cabinet through the sector ministry (Ministry of Justice and Attorney General) to be given autonomous status like Department of National Lotteries to enable it to proactively respond to the fee fixing and revision regime to enable it charge realistic rates. Additionally, the Act giving the department its autonomous status will clarify reporting relationships, define the administrative structure and enable the department have absolute control over its staff.
Serialisation of forms

143. To ensure proper recording and control of forms and jackets in use, we recommend to management that, value books be serialised without further delay.
Appendix 1

Documents reviewed

› Companies Code, 1963 (Act 179);
› Incorporated Private Partnerships Act, 1962 (Act 152);
› Registration of Business Names Act, 1962;
› RGD’s 2006 Annual Performance Report;
› Business Registration and Filing Reform Strategy Document, Ernst and Young April 2005;
› Business Plan for RGD, Plan Consult, May 2001;
› Doing Business in 2006, a World Bank and International Finance Corporation co-publication;
› RGD Performance Report at May 2007;
› Government of Ghana (Ministry of Justice & Attorney General) functional requirements for the supply of software and related services to RGD;
› Brochure on procedure for the acquisition of mineral license in Ghana;
› Environmental Assessment Regulations, 1999;
› Pharmacy Council guidelines and application forms for registration of licensed chemical sellers;
› Pharmacy Council guidelines and application forms for registration of Pharmacies;
› RGD financial statements, 2003 to 2006; and
Statutes governing the operations of RGD

i. Bodies Corporate (Official liquidation) Act, 1963 (Act 180)
ii. Books and Newspapers Registration Act, 1961 (Act 73)
iii. Companies Code, 1963 (Act 179)
v. Textiles Designs Registration Decree, 1973 (NRCD 213)
vi. Trade Marks Act, 1965 (Act 270)
viii. Patent Law, 1992 (PNDC Law 305A)
ix. Registration of Business Names Act, 1962 (Act 151)
x. Administration of Estate, Act, 1961 (Act 63)
xi. Public Trusty Ordinance 1952, No. 24
xii. Professional Bodies Registration Decree 1973 (NRCD 143)
xiii. Marriage Ordinance, 1884 (Cap 127)
xiv. Custodial of Assets Decree NRCD 28 1972
### Key organisations and their activities

<table>
<thead>
<tr>
<th>Key organisations</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Justice and Attorney General</td>
<td>Provides policy directives to the RGD</td>
</tr>
<tr>
<td>Internal Revenue Service</td>
<td>Feeds on data generated by RGD on registered businesses for tax purposes</td>
</tr>
<tr>
<td>Tax Identification Number Center</td>
<td>Provides tax payer identification numbers to prospective businesses for tax purposes</td>
</tr>
<tr>
<td>Environmental Protection Agency</td>
<td>Approve the licensing of undertakings whose activities are likely to affect the environment after carrying out an environmental impact assessment.</td>
</tr>
<tr>
<td>Association of Ghana Industries</td>
<td>Umbrella body/mouth piece for registered industrial companies</td>
</tr>
<tr>
<td>Ghana Traders Association</td>
<td>Umbrella body/mouth piece for traders</td>
</tr>
<tr>
<td>Bank of Ghana</td>
<td>Approve the commencement of operation of businesses in the financial sector</td>
</tr>
<tr>
<td>Pharmacy Council</td>
<td>Approve the commencement of businesses entering the pharmaceutical sector</td>
</tr>
<tr>
<td>Food And Drugs Board</td>
<td>Control pre and post registration business activities to ensure adequate and effective standards for food and drugs</td>
</tr>
<tr>
<td>National Media Commission</td>
<td>Approve licensing of businesses in the print and electronic media</td>
</tr>
<tr>
<td>National Communications Authority</td>
<td>Licenses Internet and Telecom service providers</td>
</tr>
<tr>
<td>Ghana Tourist Board</td>
<td>Gives approval for businesses entering the hospitality industry</td>
</tr>
<tr>
<td>Minerals Commission</td>
<td>Licenses businesses in the mining sector</td>
</tr>
</tbody>
</table>

*Performance audit report of the Auditor-General on Business Registration in Ghana*
Systems description of business registration

Start

Submit application form with 3 business names

Conduct name search

Do the names exist?

Provide 2 other names

No

Issue Registration and TIN numbers

Yes

Is it a company?

No

Issue Incorporation certificate

No

Submit approval letter from appropriate licensing agency

Issue Commencement certificate

End
Mission Statement

The Ghana Audit Service exists

To promote

• good governance in the areas of transparency, accountability and probity in the public financial management system of Ghana

By auditing

• to recognised international auditing standards the management of public resources

And

• reporting to Parliament