

MEMORANDUM OF UNDERSTANDING

ON

**THE ADOPTION OF HARMONIZED BUDGET GUIDELINES AND THE NATIONAL
CHART OF ACCOUNTS**

BETWEEN

ENUGU STATE GOVERNMENT

AND

**THE LOCAL GOVERNMENT COUNCILS IN
ENUGU STATE**

3RD DECEMBER, 2025

This MEMORANDUM OF UNDERSTANDING is made the 3rd day of December 2025

BETWEEN

ENUGU STATE GOVERNMENT represented by the Honourable Commissioner of Budget and Planning, the Honourable Commissioner of Local Government, Rural Development and Chieftaincy Affairs of Enugu State, The Accountant General of Enugu State and The Honourable Attorney General and Commission for Justice/Solicitor General and Permanent Secretary Ministry of Justice (Hereinafter referred to as "the State Government" which expression shall, where the context admits, include its successors-in-office and assigns) of the one part.

AND

THE LOCAL GOVERNMENT COUNCILS IN ENUGU STATE, more particularly named in the attestation to this Memorandum of Understanding jointly and severally (Hereinafter collectively referred to as "the Councils" which expression shall, where the context admits, include their respective successors-in-office and assigns) of the other part.

BACKGROUND:

1. The Enugu State Government recognizes the need for all Local Governments to adopt a standardized budget framework for transparency, accountability, and efficient financial management.
2. The National Chart of Accounts (NCOA) provides a structured and harmonized approach to public financial management in line with national and international best practices.
3. The adoption of harmonized budget guidelines ensures consistency in fiscal planning, execution, and reporting across all Local Governments.
4. This MOU formalizes the commitment of all parties to align with the National Chart of Accounts and implement harmonized budget guidelines in the administration of Local Government finances.

OBJECTIVES

1. Ensure the uniform adoption and implementation of the National Chart of Accounts across all Local Governments in Enugu State.
2. Facilitate the harmonization of budget preparation, execution, and reporting processes.
3. Enhance financial transparency, accountability, and governance within Local Governments.
4. Improve intergovernmental fiscal relations and compliance with national financial regulations.

SCOPE OF AGREEMENT

1. **Budgeting Process** – All Local Governments shall adhere to the harmonized budget guidelines provided by the Enugu State Government, ensuring consistency with national policies.
 - All Local Governments must publish a Budget Call Circular (BCC), including ceilings for recurrent and capital expenditures.
 - Budgets must be prepared using the Medium-Term Expenditure Framework (MTEF) approach.
 - Budget credibility and revenue and expenditure forecasting should be realistic.
 - Public consultation and stakeholder engagement must be incorporated in budget preparation.
2. **Budget Classification and National Chart of Accounts** – The financial reporting system of the Local Governments shall conform to the NCOA, ensuring alignment with national fiscal management standards.
 - All Local Governments must adopt the National Chart of Accounts (NCOA) to ensure uniformity with the state and federal governments.
 - Budgets must align with International Public Sector Accounting Standards (IPSAS).
 - Budget classifications shall include administrative, economic, functional, and program, Fund and Location classifications for better tracking and comparison.
3. **Budget Approval and Presentation**
 - Budgets must be presented to the Local Government Legislative Council before the start of the fiscal year.
 - Budgets should be approved and signed into law before December 31st of the preceding year.
 - Performance-based budgeting is encouraged to link spending to results.
4. **Budget Transparency and Publication** – All Local Governments must publish:
 - Approved Annual Budgets and Budget Implementation Reports (BIRs) quarterly.
 - The Citizens' Budget, a simplified version for public understanding.
 - The Audited Financial Statements within six months after the end of the fiscal year.
 - These documents should be published on the local government's official website to enhance public access.
5. **Budget Execution and Financial Management**
 - Cash management systems should be in place to ensure efficient expenditure control.

- Local Governments must operate a Treasury Single Account (TSA) to consolidate all revenues and expenditures.
- Commitments and procurement processes must align with Public Procurement Laws.

6. Monitoring and Compliance

- Local Governments must establish a Monitoring and Evaluation (M&E) framework to track budget performance.
- Quarterly Budget Performance Reports (BPRs) must be published.
- Regular performance audits should be conducted to assess fiscal efficiency.

ROLES AND RESPONSIBILITIES

1. Local Governments shall:

- Adopt and implement the harmonized budget guidelines and National Chart of Accounts.
- Ensure timely preparation and submission of budgets in line with the agreed framework.
- Maintain financial records in accordance with NCOA standards.
- Cooperate with the State Government in capacity-building initiatives.

2. The Enugu State Government shall:

- Provide technical support and necessary guidelines for implementation.
- Facilitate capacity-building programs for Local Government officials.
- Monitor compliance and provide corrective measures where necessary.
- Ensure seamless integration of Local Government finances with state and national financial reporting systems.

IMPLEMENTATION TIMELINE

The adoption and implementation of the harmonized budget guidelines and the National Chart of Accounts shall be completed within twelve (12) months from the date this MOU was signed.

GOVERNING LAW

This Memorandum of Understanding shall be governed by and construed by the Laws of the Federal Republic of Nigeria.

DISPUTE RESOLUTION

- (a) Any dispute, difference or controversy of whatever nature, however arising under, out of or in relation to this agreement between the parties and so notified in writing by either party to the other in the first instance shall be amicably resolved by the parties.
- (b) Any difference, controversy or dispute arising out of or connected with this Agreement or the breach thereof, which cannot be mutually resolved within 30 (thirty) working days by amicable discussions between the parties, shall be referred to mediation.
- (c) Both parties to this agreement agree that the venue for the mediation shall be Enugu.
- (d) Both parties shall bear the cost of the mediation equally.
- (e) The settlement agreement reached by the parties pursuant to the mediation shall be final and binding.

DETRIMENTAL ACTS

No party shall undertake any acts as would expose the other to liability or detriment. If any is in default of the foregoing, the party not in default shall be entitled to claim damages.

INDEMNITY

Each party shall indemnify the other party from any claims, causes of action, suits arising out of any breach of this agreement by the indemnifying party.

SEVERABILITY OF PROVISIONS

Any provision of this Memorandum of Understanding that is prohibited or unenforceable under Nigerian Law shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provision. The parties may in good faith replace such provision and thereby define their respective rights, interests, obligations and functions in the context of the new situation.

CONFIDENTIALITY

All terms and conditions of this Memorandum of Understanding and all other information pertaining hereto shall at all times be held in confidence and shall not be disclosed by any party hereto to any third party except strictly on a need-to-know basis.

TERMINATION

If either party shall commit or permit a breach of any material part of this Memorandum of Understanding, the other shall have the right to terminate this Memorandum of Understanding by giving fourteen (14) days' notice in writing to the party in default provided that if such defaulting party

shall make good breach to the satisfaction of the other within seven (7) days after such notice has been given, the notice of termination shall be regarded as void and of no effect.

ENTIRE MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding constitutes the entire understanding of the parties hereto, and it may only be altered or amended with an instrument in writing.

FORCE MAJEURE

Should either party to this Memorandum of Understanding fail to comply with any of the provisions herein contained by reason of "Force Majeure" such failure shall not be regarded as a breach of this Memorandum of Understanding.

"Force Majeure" shall be construed as unforeseeable events or circumstances beyond the control of the party charged with noncompliance, including but not limited to war, extraordinary flood, Act of God, fire, strikes, or any regulation, order, or direction prohibiting work by any government body.

The State Government shall give notice to the Councils within seven (7) days of the commencement of the "Force Majeure". However, if such situation continues in excess of one (1) calendar month, the parties shall consult with each other regarding the appropriate steps to be taken for the implementation of this Memorandum of Understanding.

DURATION

This MOU shall be effective from the date first above written and shall remain in full force and effect for a period of one (1) year duration after which it may be renewed and reviewed by mutual understanding.

NOTICE

Notices that will be given in this MOU shall be in writing and delivered to the other party through registered mail to the address by personal delivery to the other party. Any such notice shall be deemed effectively given, delivered and received when personally delivered to the other person/when deposited in the mail. Either party may change its notice address by delivery notice to the other party specifying new notice address.

Address for Notices

The State Government's address for Notices shall be-

For the attention of: HON. COMM. BUDGET & ECONOMIC PLANNING
 Address: NEW SECRETARIAT, ENUGU
 Telephone: 08034064461
 Email: CH. IS. OZONGUA @ ENUGU STATE . gov . ng.

The Councils' address for Notices shall be-

For the attention of:

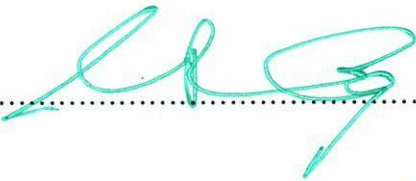
Address:

Telephone:

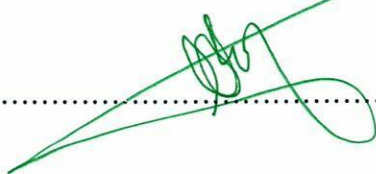
Email:

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the day and year first written above.

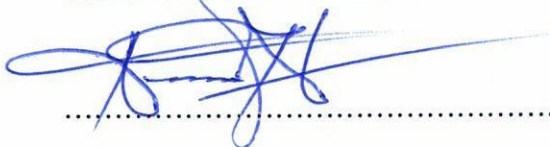
SIGNED for The State Government by:

 (Date) 29/12/2025

COMMISSIONER FOR BUDGET & PLANNING

 (Date) 29/12/25

COMMISSIONER FOR LOCAL GOVERNMENT, RURAL DEVELOPMENT AND
CHIEFTAINCY AFFAIRS

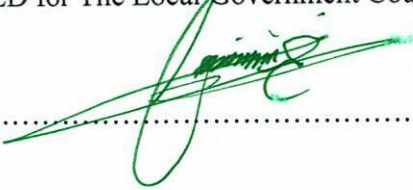
 (Date) 29/12/2025

THE ACCOUNTANT GENERAL OF ENUGU STATE.

 (Date) 29/12/2025

THE HONOURABLE ATTORNEY GENERAL AND COMMISSIONER FOR JUSTICE/
SOLICITOR GENERAL AND PERMANET SECRETARY MINISTRY OF JUSTICE

SIGNED for The Local Government Councils in Enugu State by:


..... (Date) 29-12-25

CHAIRMAN OF THE ASSOCIATION OF LOCAL GOVERNMENTS OF NIGERIA (ALGON),
ENUGU STATE CHAPTER.