



eCircular

Department: NBG-SYSTEMS AND
PROCEDURES

Sl.No.: 758/2022 - 23

Circular No.: NBG/S&P-Charges Control/2/2022 -
23

Date: Sat 1 Oct 2022

The Chief General Manager
State Bank of India,
All LHOs/CAG/CCG/SARG.

Madam / Dear Sir,

Master Circular- Charges Overheads- Reporting & Control

The Master Circular on Charges Overheads- Reporting & Control was last issued vide e-Circular no. NBG / S&P-Charges Control / 6 / 2021-22 Dated 08.10.2021.

2. The Master Circular has been reviewed and the updated version (as on 31.08.2022), consolidating all instructions, is appended as Annexure-I.

Yours faithfully,

Sd/-

(B. Sankar)
Dy. Managing Director & COO

Annexure-I

MASTER CIRCULAR ON

CHARGES - OVERHEADS: REPORTING & CONTROL

(Updated as on 31.08.2022)

**OP & SP Department
CORPORATE CENTRE, MUMBAI**

(Master Circular has also been placed at SBI Times>> Manuals / Master Circular / Policies / SOP >> Master Circular head)

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1. Introduction:

Expenses and Overheads are an integral part of any commercial activity and an effective system of monitoring and control of such items, is the key to commercial success.

In the Bank, all revenue expenses incurred on running day to day operations at the branches / other offices are accounted for by way of debit to Charges Account divided into various subheads in accordance with the need and nature of the expenses involved. The extant instructions in this regard are

contained in Bank's Book of Instructions Volume I Chapter 5 Bank's System of Accounts.

2. Transactions:

- i. All debits to Charges Account are to be entered through Vendor Payment System (VPS) only. Prior to processing any bills / expenses raised by vendors / employees, all the Officers / Employees and Vendors / Suppliers should be created in the VPS, as per operating instructions given in e-Circular no. [CFO/FRT-TAX/7/2017-18](#) dated 20.07.2017, [CFO/FRT-SERTAX/6/2019-20](#) dated 31.10.2019, [CFO/FRT-SERTAX/7/2019-20](#) dated 14.11.2019, [CFO/FRT-SERTAX/10/2019-20](#) dated 05.12.2019, [CFO/FRT-SERTAX/8/2021-22](#) dated 07.07.2021 and [CFO/FRT-SERTAX/1/2022-23](#) dated 19.04.2022 (Attached as Annexure-II, III, IV, V, VI & X). Moreover, Branches are advised to abide by the updated guidelines issued in the matter by FR&T Department from time to time.
- ii. All debits to Charges Account must be authorised by the Branch Manager (Branch Head) / Chief Operating Officer (COO) / Assistant General Manager (AGM) or Chief Manager (CM) looking after Accounts and Administration work / any other official authorised by the CGM of the Circle or Business Group.
- iii. In all cases, sanction for the amounts involved must be obtained from the competent authority and the particulars of sanction must be mentioned on the relative voucher, unless the expenditure is within the discretionary powers of the official concerned.
- iv. The official authorising the debits is responsible for ensuring that no unauthorised expenditure is incurred. Periodical expenses such as salaries, rents, taxes etc., which are already approved / sanctioned, will be debited to Charges Account as and when these become due.
- v. At the beginning of each month, a suitable sum not exceeding a month's requirement will be drawn as an advance for meeting expenses towards postage by debit to Charges Account and will be shown as a credit entry in

the Postage Book under the initials of the official passing the relative debit. Further sums may be drawn as an advance, thereafter, as and when required for postage purpose. On the last working day of each month, the unspent balance in respect of postage, will be credited back to Charges Account.

- vi. All bills in respect of expenses incurred by the branches on account of remittance of treasure (except freight and police escort charges) will be paid by debit to Charges Account under appropriate BGL A/c of the Charges Account subhead. The Branch Manager / Dy. Branch Manager / Service Manager / any other authorised official, must scrutinise the bills thoroughly and ensure that the expenses incurred are reasonable and are kept to the barest minimum.
- vii. Recoveries of amounts debited to Charges Account should not be adjusted towards other payments but should be credited to appropriate BGL A/C of the Charges Account subhead from where it was debited earlier, for easy reconciliation.
- viii. The Branch Manager / Dy. Branch Manager / Service Manager / any other authorised officials must scrutinise the transaction thoroughly and ensure that
 - a. Particulars of invoice including inter-alia Vendor GSTIN, Bank GSTIN, Bill Number and bill date are strictly captured in VPS as per physical GST e-invoice issued by vendor and uploaded by them in their GST Return.
 - b. Bank's GSTIN in the invoice is given by vendor as per place of supply. Therefore, if state code of Bank GSTIN is different from state code of vendor GSTIN then Bank GSTIN captured by vendor in the invoice should be got changed from vendor and Bank's GSTIN pertaining to the state of vendor GSTIN should be got appended. For detailed information, please refer to newsletter issued by FR&T for May 2021 and available in SBI Times ☐

Department 1 – Financial Reporting and Taxation Department – GST – Newsletter.

- c. Expense paid to Third Party Entities (e.g., advocates, valuers, stock auditors etc.) are paid by debit to charges only and recoveries made from account holders for TPE charges are credited through specified screen (GST Compliant screen) in CBS e.g., 20452 etc.
 - ix. The Branch Manager / Dy. Branch Manager / Service Manager / any other authorised officials must scrutinise the transaction thoroughly and ensure that all the bills pertaining to respective financial year are paid / captured by 30th September of succeeding financial year without fail. Even if vendor is not to be paid before 30th September of succeeding financial year due to any of the terms and conditions related to procurement /contract, yet bill details must be captured through VPS before 30th September for bills having GST component (e-circular no. [CFO/FRT-SERTAX/6/2019-20](#) dated 31.10.2019, [FRT News Letter-19 - May - 2021](#), Cir. No. [CCO / CPPD-ADV / 37 / 2016-17](#) dt.06.06.2016 and Cir No. [CFO / FRT-SERTAX / 5 / 2021-22](#) dt 22.06.2021 Annexed as Annexure-III,VII,VIII & IX).
3. **Petty Cash payments:**
- i. A suitable amount for incurring petty expenses will be advanced to the Cash Officer at the beginning of each month by debit to Suspense Account. All advances received and payments made will be recorded in the Petty Cash Register. In this regard, an e-Register namely “Petty Charges Account Register (Petty Cash Register), i-STAMS Item Code-200999066, has already been developed at e-Register portal (<https://eregister.statebanktimes.in>), where entry to the register is based on maker-checker concept. The expenses will be classified in the Petty Charges Account Register (Petty Cash Register) as per the Charges Account subheads. No payment will be made unless it has been duly authorised on the bill / cash memo by the Branch Manager / Dy. Branch Manager / any other authorised official.

- ii. The present ceiling for petty cash expenses is Rs. 200/-. Petty cash expenses normally comprise expenditure on purchase of articles against cash memos. Where cash memos are not available, authenticated vouchers will be prepared for reimbursement of such expenses, which are normally incurred by staff members. A rubber stamp reading, “**The expenses incurred have been paid**” will be affixed on each such cash memo / voucher and authenticated by the Cash Officer and the person receiving the money.
- iii. After the payment is made, all bills / cash memos will be branded with **Cash Paid** stamp and date. The unspent balance with the Cash Officer will be verified once in a month at irregular intervals by Branch Manager / Dy. Branch Manager / Service Manager/ any other authorised official. At the end of the month, the Suspense Account entry will be adjusted by debiting the amount spent to Charges Account under the appropriate sub heads and crediting the unspent balance if any, in cash.

4. **Vendor Payment System:**

As part of customised development in CBS for capturing the amounts of Goods & Services Tax (GST) while making vendor payments, a module “Vendor Payment System” has been introduced in CBS. All debits to Charges BGL Account are to be made through use of this menu option only, which also takes care for the following purposes:

- i) To capture the bill details and make payment to vendors for services / goods procured by the Bank.
- ii) To capture GST paid on the services / goods so received and avail Input Tax Credit (ITC) while discharging the output GST liability.
- iii) To calculate and pay GST to Government under Reverse Charge Mechanism (RCM).
- iv) To deduct GST TDS (GST - Tax Deducted at Source), wherever applicable, and deposit the same with the Government.

- v) To deduct TDS (Tax Deducted at Source), wherever applicable, and deposit the same with the Government.
- vi) It is to be ensured that before effecting any payment through VPS, all the details related to vendors, Outsourced Activities including Advocates, Chartered Accountants and Valuers will be entered in Vendor Management Outsourced Activities Portal (VMOA) by all BUs/Circles/Departments. VMOA portal can be accessed in SBI Times>More Links>I&VM -Vendor Management.

5. Delegation of Financial Powers:

In terms of the Scheme of Delegation of Financial Powers-General Matters-2022 (e-Circular No. CDO/ORG-DFP/2/2022-23 dated 22.04.2022), financial powers for various purchases / expenses have been delegated to officials in different grades in the Bank as per approval accorded by the Executive Committee of the Central Board (ECCB). The Chief General Manager of Circle / CAG / CCG / SARG / PF&S SBU is empowered by the Central Board / ECCB to delegate / suspend / withhold or reduce the financial powers of officials in SMGS-V and below, working in branches / CPCs within the framework of the powers approved by the Central Board / ECCB from time to time. Therefore, the operating functionaries are to be guided by the instructions, if any, issued by the Circle / CAG/ CCG/SARG/ PF&S SBU regarding exercise of financial powers relating to Charges Overheads. However, while exercising the powers delegated, the officials shall ensure the following:

- A) That Monthly / Annual budgets allocated under Overheads are not exceeded. Wherever the budget is surpassed, the excess expenditure should be adjusted in the subsequent months.

In terms of Bank's Policy Guidelines for Financial Year 2022-23, the growth in Overheads has been capped at 8.75 %.

B) Whenever a Branch / Office (LHOs / AOs / RBOs / CPCs/Corporate Centre Establishment, etc.) surpasses the monthly budgeted levels of the Total Overheads, the procedure detailed below shall be adopted:

- i) The Branch / Office shall submit a proposal containing the undernoted details to the respective Controller and seek approval:
 - a) Budget Allocated
 - b) Expenses already incurred
 - c) Reasons for incurring these expenses
 - d) The proposed expenditure.
- ii) The Controller shall assess the requirement and where justified, shall approve the proposed expenditure which is beyond the budget settled for the Branch / Office. However, such increased expenditure shall have to be adjusted within the total budget allocated to the Controller.
- iii) In case the Controller utilizes and exhausts the budget under Total Overheads including the fixed yearly cap, he / she shall seek the approval through DGM (B&O) from the GM Network, who in turn shall seek the approval of CGM Circle.
- iv) If the Circle Overhead Budget (including CSR) is exceeded beyond the cap fixed for Circle, approval for the same shall be obtained from DMD & COO.
- v) Direct Branches, CAG Branches, CCG Branches, PF&S SBU Branches, SARG Branches, Apex Training Institutes, Internal Audit Department and Departments in Corporate Centre shall follow the organisational reporting structure in similar circumstances. The logic being, it should be referred to the next higher authority for approval.

- C) The process of seeking approval from the Controller shall not come in the way of payment of non-Controllable items because of their urgent nature. However, post facto approval shall be obtained immediately.
- D) Control Reports in respect of such expenditure shall include, inter alia, the budget allocated and the expenses incurred. In such cases, timely submission and scrutiny of Charges Return is to be ensured.
- E) With a view to exercising more effective control on overhead expenses, the delegation of financial powers of officials at branches and CPCs have been linked to the budgets settled. Accordingly:
- i) The powers delegated to the officials in respect of controllable expenses can only be exercised within the overall budget and they are required to ensure this at the time of sanctioning any expenditure.
 - ii) While effort should be made to adhere to the monthly budgets, under no circumstance, quarterly budgets may be exceeded. Any expenditure beyond the budget for the calendar quarter would need prior approval of the controller i.e., the Regional Manager, the DGM (B&O), etc., as the case may be and this shall be specifically recorded while releasing such payments. Wherever monthly / quarterly / annual budget has been allotted under a particular Head of Expenditure, the Branch / Office has to ensure that monthly / quarterly / annual levels under that particular Head of Expenditure are not surpassed. Any expenditure beyond the budget for the calendar quarter, under that particular Head of Expenditure, would require prior approval of the controller, even if the quarterly budgeted levels of the Total Overheads is not exceeded. These provisions, however, shall not apply to payment of electricity bills, municipal and water charges, rents, taxes or any other statutory dues.

- iii) Thus, in effect, even if an item falls within the discretionary power of an official, his / her financial power stands withdrawn if the branch / office does not have sufficient budget to cover the proposed expenditure.

6. **Reporting:**

At the end of the month, Report on the monthly Abstract of Charges generated by CBS as part of month end reports along with duplicate copies of bills are required to be submitted by the branches / offices to their Controller for the purpose of monitoring and control.

7. **Submission of Certificates and Scrutiny of Returns:**

A. **Submission of Certificate:**

- i) All branches shall submit a certificate in respect of Charges Account to their Controllers by incorporating the following certificate on the monthly Abstract of Charges Report generated by CBS:

“Expenses booked to Charges Account are genuine, necessary and well controlled, in addition to having sanction of the competent authority”.

- ii) All the expenditure incurring units, other than branches, shall submit a certificate to their Controllers as per **Annexure A**, in respect of expenses incurred.

B. **Certificate of Scrutiny & Control:**

- i) The Controllers in turn shall submit a certificate to the Next Higher Authority, confirming that **(a)** the expenses / charges have been scrutinized at appropriate levels and the same is within the budgeted limits. **(b)** Bank’s laid down process for Reporting & Control of expenditure [Total Overheads] overshooting the budgeted levels is in place and is being followed. The certificates are to be submitted on the prescribed format as per **Annexure A/ B**.
- ii) The Controllers / Network Heads shall discuss and review the Charges Account / expenditure incurred by branches and other expenses

incurring units under their control, in the Monthly Structured Meetings / Performance Review Meetings, etc.

C. Periodicity / Time frame:

- i) Certificate in respect of Charges Account (**Annexure A**) shall be submitted monthly.
- ii) Certificate by Controllers regarding scrutiny and control (**Annexure B**) shall also be submitted on a monthly basis.
- iii) Bank's laid down process for Reporting & Control of the expenditure [Total Overheads] overshooting the budgeted levels (Monthly Budget), shall be followed on a monthly basis by both the expenditure incurring units (branches included) and Controllers.
- iv) The said certificates shall be submitted as given below:
 - a) Branches shall submit the certificate on the Monthly Abstract of Charges Account as detailed in para 7 A (i), by 10th of every month.
 - b) Other expenses incurring units shall submit the certificate (**Annexure A**) by 10th of every month.
 - c) At each level, the Controllers shall submit the Certificate regarding scrutiny and control (**Annexure B**) by 20th of every month.
 - v) Quarterly Compliance Report has to be submitted by the Circles certifying that:

“The expenses incurred by the Branches / Offices are within the budgeted level and any expenditure beyond budget is duly sanctioned and released by the competent authority”.

ANNEXURE 'A'

[To be submitted by expenses incurring units other than branches]

To

The _____

Dated: _____

CHARGES - OVERHEADS

In respect of Charges-Overheads of our Unit (LHOs/ AOs/ RBOs / CPCs /Corporate Centre Establishments, etc.) for the month of, I certify that,

- i. *The Expenses booked to Charges Account are genuine, necessary and well controlled, in addition to having sanction of the competent authority.*
- ii. *While exercising the powers delegated to the officials for incurring expenses, it is ensured that the monthly/ quarterly / annual budgets allocated under the overheads are not exceeded. Wherever the budget is surpassed, an endeavour is made to adjust the excess expenditure in the subsequent months.*
- iii. *At our unit, the process is in place for Reporting & Control of the Expenditure [Total Overheads] overshooting the Budgeted Levels.*
- iv. *Whenever the monthly budgeted levels of the Total Overheads is surpassed, the procedure for Reporting &Control of the expenditure as given in para 5 (A) & (B) of Bank's Master Circular on Charges-Overheads Reporting & Control, have been followed.*
- v. *Post facto approval wherever required, is obtained immediately after incurring the expenditure.*

vi. *Submission of Control Report for expenses incurred under Charges-Overheads is ensured.*

2. A system of analysing /monitoring/control over Expenses / Charges Overheads is followed at our Unit.

[Signature Head of the Unit]

Name (Unit / Office)

Place

ANNEXURE 'B'

[To be submitted by the Controllers]

To

The _____

_____,

_____,

Dated _____

CHARGES – OVERHEADS

CERTIFICATE OF SCRUTINY AND CONTROL

In respect of Charges-Overheads for the month of, for Branches & Offices (LHOs/ AOs/ RBOs / CPCs /Corporate Centre Establishments, etc.) under my control, I certify that,

- i. Control Reports (i.e., Monthly Abstract of Charges for branches and **Annexure-A** for other than branches) for Charges Account received by us are scrutinized, confirmed and where required, appropriate measures are taken.
- ii. The expenses / charges have been scrutinized at appropriate levels and the same is within the budgeted limits. While confirming the expenses, in case the budget is surpassed by the branches/units they are advised to adjust the excess expenditure in the subsequent months.
- iii. The process given in para 5 (A) & (B) of *Bank's Master Circular on Charges-Overheads Reporting & Control*, is in place for Reporting & Control of the Expenditure [Total Overheads] overshooting the monthly / annual budgeted levels.
- iv. The branches / other units under my control have certified that:
 - a. The Expenses booked to Charges Account are genuine, necessary and well controlled, in addition to having sanction of the competent authority.

b. While exercising the powers delegated to the officials for incurring expenses, it is ensured that the monthly/ quarterly / annual budgets allocated under the overheads are not exceeded.

2. A system of analysing / monitoring / control over the Expenses / Charges Overhead of the branches, units and offices under my control is in place at my end as per process given in para 5 of *Bank's Master Circular on Charges-Overheads Reporting & Control*.

[Signature]

Office

Place

APPENDIX

List of Circulars Consolidated in the Master Circular on Charges Overheads: Reporting & Control

No	Circular / Letter No	Date	Issuing Department	Subject
1	Book of Instructions Vol. I Chapter 5 Para 16	05.11.2003	DGM (Book of Instructions)	Bank's System of Accounts: Charges Account
2	CDO/ORG-DFP/1/2010 - 11	13.08.2010	Org. Planning	Control Of Overheads: Linking of Delegation of Financial Powers to Budget Settled
3	NBG/S&P-SP/18/2010 - 11	28.10.2010	Systems & Procedures Department	Overhead Charges: Scrutiny of Returns and Submission of Certificate Amendment
4	CCO/CPD-ADV/37/2016-17	06.06.2016	CPD	Accounting for Recovery / Payment to Fees to Advocates/Valuers/ Stock Auditors/Forensic Auditors
5	CFO/FRT-SERTAX/7/2019-20	07.07.2017	FR&T	Amendments in Vendor Payment system
6	CFO/FRT-TAX/7/2017-18	20.07.2017	FR&T	Goods and Services Tax
7	CFO/FRT-SERTAX/6/2019-20	31.10.2019	FR&T	Amendment in Vendor Payment System
8	CFO/FRT-SERTAX/7/2019-20	14.11.2019	FR&T	Payment to Vendors for Services Covered Under Reverse Charge Mechanism
9	CFO/FRT-SERTAX/10/2019-20	05.12.2019	FR&T	Matching Input Tax Credit Invoices
10	FRT Newsletter	May 2021	FR&T	GST-TDS
11	CFO/FRT-SERTAX/7/2019-20	22.06.2021	FR&T	GST: Payments for Invoices up to 31 st March, 2021
12	R&DB/BOD-MISC/29/21-22	18.08.2021	BOD	BMMC

No	Circular / Letter No	Date	Issuing Department	Subject
13	CFO/FRT-SERTAX/1/2022-23	19.04.2022	FR&T	Obtention of Mandatory e-Invoices from Vendor with turnover exceeds Rs.20cr
14	CDO/ORG-DFPI/2/2022-23	22.04.2022	Org. Planning	Scheme of Delegation of Financial Powers-General Matters-2022