Department of North Carolina
Standard Operating Procedure
For Post Canteens

As approved by the Council of Administration – June 2012
GENERAL

The purpose of this Standard Operating Procedure (SOP) is to insure that all posts comply with Article XVI of the By-Laws of the VFW Department of North Carolina, and with all North Carolina Alcohol Beverage Control laws and rules.

The canteen is defined as a private club by the ABC Rules and Regulations of the State of North Carolina. It can only admit those persons listed in Article XVI of the VFW Department By-Laws for service. Canteens are regulated by Department By-Laws, and are not addressed in the VFW National By-Laws. The part of the building and grounds used by the canteen and any profit it generates are tax-exempt from local property taxes, state corporate income taxes, and federal corporate income taxes.

Canteens are designed to support posts in their efforts to promote camaraderie among members of the VFW, Ladies Auxiliary, Men’s Auxiliary, and, if desired by the post, members of the Armed Forces. Canteens must be self-supporting in their purchase of salable goods and salaries/wages, and Posts are not authorized to utilize other post funds for this purpose. Bottom line – Canteens support Posts, Posts do not support Canteens.

In accordance with VFW National directives, all canteens will have liquor (dram) liability as part of the Post insurance coverage.

The Post will pay the Department Headquarters a Canteen Fee of $50 annually, to arrive at the Headquarters no later than 31 August. These funds are used to defray inspection costs incurred by the VFW State Inspector.

HOUSE COMMITTEES

An elected House Committee oversees and guides all canteen operations. This committee is elected at the same time as the Post officers, and members cannot be appointed to it. It consists of not less than 3 elected members and not more than 5, one of whom shall be elected each year for a three (3) year term. In addition, the Post Commander and Post Quartermaster are members of the House Committee with full voting rights, bringing the total on the committee to 5, 6 or 7 members. If there are 5 committee members, one is a three-year, one a two-year, and one a one-year. If there are 6 members, one is a three-year, one a two-year, and two are one-years. If there are 7 members, one is a three-year, one a two-year, and three are one-years.

After being elected, the committee will elect its own Chairman, Vice Chairman, and any other officers they may deem necessary. Trustees will not serve on the House Committee. The committee will meet regularly on at least a monthly basis. Special meetings can also be held, but only if every committee member is notified in advance and given a chance to attend. Non-committee members may attend meetings with the permission of the Chairman. They cannot vote, and can only speak with the permission of the Chairman.
The Chairman, or his absence, the Vice Chairman, will report all plans and operations of the committee to the Post floor at every regular Post meeting. This provides the Post floor with the ability to overrule any decision or planned decision of the House Committee, if they desire to do so.

The House Committee, like any committee, has no authority to expend or distribute any funds of the Post, including funds generated in the canteen or in any other activity, except for possible emergencies such as equipment repair in the canteen area. In the case of emergencies in the canteen area, the Committee will request that the Quartermaster expend such funds as necessary. Only the following persons in a Post have the authority to expend or distribute funds:

* The Post Quartermaster for any type of hard or durable goods, and all payroll functions, if approved by the post floor.
* The Canteen Manager for salable goods in the canteen or edible goods in the kitchen, all non-salable supplies for the canteen or kitchen, and all payroll functions, if approved by the Post floor. The Canteen Manager may not buy hard/durable goods.

The House Committee will review the monthly Profit and Loss Statements on Canteen operations. These statements shall be presented to the Post floor at the time when the Chairman makes his required monthly report.

The House Committee shall oversee and guide the operations of the canteen only, unless they are granted other managerial powers by the Post By-Laws, to include rental of any post areas or management of the post kitchen. The House Committee can delegate these tasks to the Canteen Manager, if approved by the Post floor.

The House Committee has the authority to employ such personnel as may be necessary to operate the canteen effectively. This includes a Canteen Manager, and Bartenders. They may also discharge personnel at their discretion. The House Committee may delegate these tasks to the Canteen Manager if approved by the post floor. Employment priority shall be given to VFW members, Ladies Auxiliary members, and Men’s Auxiliary members in good standing. No member of the House Committee may serve as Canteen Manager or Bartender.

The House Committee is responsible for the addition of any new beverage or food items to the menu.

The committee has the authority to suspend the canteen privileges of any member (Post or Auxiliary) guilty of any act of misconduct upon the canteen premises for whatever period of time they shall determine proper. Posts may include guidance for the House Committee concerning appropriate suspensions in its Post By-Laws.

As with any action or contemplated action of the House Committee, hiring/firing decisions and suspension of privilege decisions may be overruled by the Post floor.
GENERAL EMPLOYMENT RULES

By definition, all employees work for the post. They are paid by the post quartermaster or the Canteen Manager on a regular basis out of the post operating fund or the canteen account. The quartermaster or Canteen Manager must keep records on and deduct federal income tax, state income tax, social security fees, and Medicare fees from the employee’s pay. At the end of the calendar year the employee is issued an IRS Form W-2 showing what he has been paid and what deductions have been made during the year. The quartermaster or Canteen Manager also sends a copy of the W-2 to the state and federal tax authorities. IRS Forms W-2 and W-4 must be maintained on each employee by the quartermaster (the State of North Carolina now authorizes use of the federal W4, as well).

A contracted laborer, on the other hand, works for himself. He is also paid by the post quartermaster or Canteen Manager on a regular basis from the post operating fund or canteen account for work performed under his contract. The Quartermaster or Canteen Manager does not make any deductions from his pay. At the end of the calendar year, the contracted laborer is issued a Form 1099-MISC with no deductions. In effect, the laborer is responsible for figuring out his own deductions and paying them to the various tax authorities. In order to utilize contract laborers instead of employees, the quartermaster must have the contracted laborer sign a simple contract, stating what the laborer will do and how much he will be reimbursed on a regular basis. It should be noted that a contracted laborer cannot work regular hours dictated by the post, as that would classify him as an employee.

Whether a volunteer Canteen Manager or Bartender is paid or not is immaterial to his status as an employee in the eyes of insurance companies or surety bond companies.

CANTEEN MANAGER AND BARTENDERS

The Canteen Manager is hired by the House Committee as either an employee or a contracted laborer. Likewise, he can be fired by the House Committee. The Canteen Manager’s hiring and firing can be overturned by a majority vote of the Post floor.

The Canteen Manager manages the day-to-day operations of the Post canteen in accordance with Canteen By-Laws/Rules that have been approved by the Post floor and the Department Commander. Unless the Post Canteen By-Laws specifically delegate other duties to him, he manages only canteen operations. Post Canteen By-Laws may designate that he also manages the Post rental areas and the Post kitchen. If the post does not designate the House Committee or the Canteen Manager to manage these extra areas, the Quartermaster must manage them.

The Canteen Manager must be bonded for at least twice the sum of monies that may go through his hands at any particular time. The only exception to this requirement is if the Post has an insurance policy that specifies an employee dishonesty clause (such
as the policies issued by Lockton Risk Services, the insurance company recommended by VFW National Headquarters), and the Canteen Manager is an employee as opposed to a contracted laborer. Volunteers, paid or not, are considered employees of the Post.

The Canteen Manager has a separate checking account from the Post Quartermaster, but the Quartermaster must have access to that account, as directed in the VFW National By-Laws. Only canteen supplies and expenses will be purchased or paid using this checking account, using checks, a debit card, or cash with voucher receipts. These supplies might include alcohol, beer, soft drinks, snacks, non-salable soft goods for use in the canteen, and expenses such as power bills, insurance, and other bills that are for canteen use only, but do not include any durable or hard goods. It must have an unchangeable, established upper limit, and on at least a monthly basis, when this upper limit is reached, the remainder must be handed over to the post quartermaster in the form of a check or via an Electronic Funds Transfer (EFT). For example, if the upper limit is $3000, and the canteen account has $4200 in it on the last day of the month, then $1200 must be handed over to the quartermaster by the Chairman of the House Committee at the regular meeting for deposit into the post’s general operating fund. This upper limit or ceiling must be established by the House Committee and approved by the Post floor. The House Committee may establish a Canteen Petty Cash Account for canteen operations using a voucher system to maintain an audit trail. This account will have an unchangeable, established upper limit, and will be managed by the Canteen Manager.

The Canteen Manager must maintain a separate safe, the access to which is limited to him/her and the bartenders. In this safe, the manager places each day’s earnings until they are deposited into the canteen checking account. These deposits should be made regularly, at least weekly, but can be done daily, if required. The $3000 monthly limit (as an example) on the Canteen Manager’s checking account will include the money in the safe and the bartenders’ tills. The Post Quartermaster and the Canteen Manager will not use the same safe.

A bartender (or the Canteen Manager, if he/she is acting as a bartender) will be issued a specific level float of money for the till. For example, the till float might be $500. The bartender sells items, deposits the money in the till, and rings up the correct amount on the cash register. At the end of the workday, the bartender places all the money in the till into an envelope, along with the cash register receipts. The amount in the envelope must equal the float amount, plus the amount on the register receipts. For example, if the till float is $500 and the bartender has sales of $250, then the amount in the envelope must equal $750. If it does not equal this, then the bartender has either cheated the post or mishandled the money. This daily envelope must be checked every day by the Canteen Manager, and may be checked by the post quartermaster whenever he wishes to do so. This envelope and all other monies entrusted to the bartender will be secured in accordance with established procedures.

Bartenders, like Canteen Managers, must be bonded for at least twice the sum of monies that may go through his hands at any particular time. The only exception to this policy is if the post has an insurance policy that specifies an employee dishonesty clause.
(such as the policies issued by Lockton Risk Services, the insurance company recommended by VFW National Headquarters), and the Bartender is an employee as opposed to contract laborer. Volunteer bartenders, paid or not, are considered employees of the post.

Members of the House Committee (to include the Post Quartermaster and Post Commander) and Post Trustees may not function as Canteen Manager or bartenders. This is because the House Committee oversees the canteen, and it would be a conflict of interest if a House Committee member is overseeing himself. All these positions are part of the auditing process of the canteen, and to function as a Canteen Manager or bartender would create a conflict of interest.

Canteen Managers and Bartenders shall not discuss any job related issues with anybody but the House Committee or Canteen Manager. Bartenders shall not participate in any conversation with patrons deemed to be unfavorable, negative, or derogatory in nature relating to other members, officers, the Post or any other level or aspect of the VFW.

Canteen Managers and Bartenders shall not discuss any business of the VFW with any person calling the post. All such calls shall be referred to the Senior Post Officer present.

All patrons using canteen facilities are expected to conduct themselves in an acceptable and orderly manner at all times. The Canteen Manager, Bartenders on duty, members of the House Committee, and the Senior Post Officer present are authorized to discontinue further service to any patron who is not conducting themselves in an acceptable and orderly manner. These listed persons are authorized to request a patron to discontinue any misconduct in the canteen area, and if the patron persists in the behavior, order him to leave the premises, if necessary.

Canteen managers and bartenders do not have the authority to “bar” a patron from the canteen privileges for any period of time other than for that immediate time period. This authority is reserved to the House Committee. Incidents deemed to be serious offenses should be documented in detail, signed by the duty bartender, and forwarded to the Canteen Manager for further possible action by the House Committee.

Canteen hours of operation will be included in the Canteen Rules or By-Laws. These hours of operation will be conspicuously posted in the canteen area and will be in strict compliance with the ABC laws of the State of North Carolina and any local laws that may apply. The Canteen By-Laws will also contain any provision of when the canteen may stay open past the normal operating time or close prior to the normal operating time, such as the number of patrons present in the canteen area at that time. Fifteen minutes prior to closing the Canteen Manager or duty bartender will announce a “Last Call.” At closing time all bottles, cans, and glasses will be removed from the bar and tables and no further sale of alcoholic beverages will be permitted. Members with bottles will lock them in their lockers or remove them at once from the premises.
Only the Canteen Manager and duty bartender will be permitted behind the bar during hours of operation. Trustees, House Committee members, and the Quartermaster may not function as the Canteen Manager or a bartender, even temporarily, due to conflict of interest rules, and therefore are not permitted behind the bar.

Hours during which the canteen shall remain open must be prescribed in the Canteen By-Laws. All activities will cease at a time to be in accord with local and state laws. Every Post Canteen shall be closed to members of the Post during every Post meeting, and to members of the District during the Joint and Comrades’ portions of the District meeting hosted by that post. Similarly, every Post Canteen shall be closed to members of the Auxiliary during every Auxiliary meeting, and to Auxiliary members of the District during the Joint and Auxiliary portions of the District meeting hosted by the post.

Members are obligated to report any violation of this SOP and Article XVI of the Department By-Laws to one of the persons listed above.

**CANTEEN VS. BAR**

Under no circumstances will any portion of Post property be rented or leased to any individual, company, organization, or any other entity for the retail sale of alcohol.

**INSPECTIONS**

There are several levels of Canteen inspections/audits within the Department of North Carolina.

The first level of inspections/audits is the House Committee, the Post Quartermaster and the Post Trustees. The House Committee and the Post Quartermaster may inspect all the records and proceeds of the Canteen at any reasonable time. The Post Trustees must inspect the records and proceeds of the Canteen at least once quarterly, just as they must inspect the Post Quartermasters records and proceeds.

The second level of inspections/audits is the District Commander or his representative. The District Commander must inspect each Canteen in his district at least twice annually. If a Canteen fails to follow this SOP, the District Commander may recommend to the Department Commander that the Canteen be temporarily closed until compliance is obtained. The District Commander will use the following guidelines to insure that each of his Canteens is functionally legally, efficiently, and effectively.

1. Is annual canteen fee of $50 paid?
2. Are the Alcoholic Beverage Control Laws of NC present?
3. Are the ABC Commission Rules, Title 4, present?
4. Is the ABC Retail Guide present?

5. Are ABC permits clearly visible to inspectors or patrons?

6. Is the cash ledger present?

7. Does the canteen manager have a separate canteen checking account?

8. Is the canteen checking account used only for canteen supplies and expenses?

9. Are items purchased for resale done only by check, debit card, or paid by cash with supporting voucher receipts?

10. Are alcoholic beverages purchased only from authorized wholesalers and are the invoices kept for three years?

11. Are bank statements from the canteen checking account present, and available for inspection?

12. Do the ledger, check book and bank statements balance?

13. Is there a petty cash account, and if so, does it balance with cash and voucher receipts?

14. Is there a separate canteen safe, which only the canteen manager and bartenders have access to?

15. Do the bartenders have an established ceiling amount (float) of cash to start each work shift with? Amount of float $ ________________.

16. Are Daily Activity Reports (DAR’s) being used?

17. At the end of the work shift, is the DAR and bartender’s total funds with register receipt, placed in an envelope or similar instrument and secured in accordance with approved procedures?

18. Are Monthly Profit and Loss Statements being used? Date of last statement __________________________ (attach copy of statement).

19. Does the canteen account have an established ceiling, and is any amount over that ceiling turned over to the post quartermaster by the Chairman of the House Committee at least monthly? Established ceiling $ ________________.

20. Are bar stock and supplies being inventoried at least monthly?
21. Is there an alphabetical roster of all VFW and Auxiliaries members behind the bar?

22. Are the Canteen By-Laws or House Rules conspicuously posted?

23. Is the Canteen and its records inspected by the Post Trustees at least quarterly?

**Employment:**

1. Does the canteen have ____ employees or _____ contract labor? If employees, go to #2 and skip # 5 and 6. I contract labor, go to #4.

2. Are time cards or time sheets being used?

3. Is IRS Form W-2 on file for each employee?

4. Is IRS Form W-4 on file for each employee?

5. Is a copy of the contract on file for any contracted laborers?

6. Is IRS Form 1099-MISC issued for the prior year by January 31st?

7. Is the Canteen Manager either bonded or does the post have an employee dishonesty clause in its insurance coverage? If bonded, amount of bond $_____________________.

8. Are the bartenders either bonded or does the post have an employee dishonesty clause in its insurance coverage? If bonded, amount of bond $_____________________.

9. Are the Canteen Manager and the bartenders paid their wages by check from the Post Quartermaster’s General Fund or the Canteen checking account?

The third level of inspections/audits is the Department Commander or his representative. The persons normally assigned by the Department Commander to conduct Department-level inspections are the State Inspector, his Assistant Inspectors, and/or the Department Quartermaster, although the Department Commander may designate anybody he so chooses. In accordance with Department and National By-Laws, the Department Commander may relieve any official for failure to do their duties, and can close any Canteen for the good of the order for failure to abide by Department rules and regulations.