



Department of Hawaii

**STANDARD OPERATING PROCEDURES
(SOP)**

BUDGET AND FINANCE

**DEPARTMENT OF HAWAII
VETERANS OF FOREIGN WARS
OF THE UNITED STATES**

Approved August 14, 2021

**STANDARD OPERATING PROCEDURES (SOP)
FOR
DEPARTMENT OF HAWAII
VETERANS OF FOREIGN WARS OF THE UNITED STATES**

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BUDGET AND FINANCE COMMITTEE

PURPOSE

The State of Hawaii Veterans of Foreign Wars, Budget and Finance SOP coordinate the following activities: Budget and Finance, Ways and Means, and Audit.

SECTION 1 Control and Administration

The Ways and Means Committee Chair is appointed by the State Commander.

The Budget Committee will be chaired by the Senior Vice Commander.

The Audit Committee will be chaired by a Past Department Commander.

The Chair will recommend committee members to the Department Commander who will officially appoint them to the committee or appropriate subcommittee.

SOP REVIEW

The SOP will be reviewed to ensure the following:

1. Contact information is accurate and up to date.
2. The SOP will be updated to ensure compliance with the National Bylaws, and applicable directives and regulations.

After an initial approval by the State Commander, This SOP will be reviewed annually. The Senior Vice Commander will review the SOP before the Department Convention. The State Adjutant will present the SOP at the first COA after the Department Convention for approval. After approval the SOP will become immediately effective. During the year any changes to the SOP will given to the Department Adjutant for distribution to voted on at the next COA.

SECTION 2

Budget and Finance

Budgeting is a critical process for the VFW, Department of Hawaii as it aids in the planning of our actual operations. It allows Officers and Committee Chairs to compare actual spending with the budget to control our financial activities. Our Operating budget reviews our revenues and associated expenses in day-to-day operations and are budgeted in detail and are divided into major categories such as revenues, salaries, benefits, and non-salary expenses. The budgeting process for the VFW Department of Hawaii should begin four to six months before the start of the membership financial year. Starting from the initial planning stage, we can go through a series of stages to finally implement the budget. Common processes include communication within the Department to establish objectives, target develop a detailed budget, the compile and revise the budget model, budget committee review, and COA approval.

Our Process is as follows:

1. Obtain and review last 3 years budgets for trends
2. Obtain and review current year's budget for up to date expenditures
3. Obtain input from the Department Officers and Committee Chairs that are responsible for a budget.
 - A. Commander
 - B. Senior Vice
 - C. Junior Vice
 - D. Adjutant
 - E. Quartermaster
 - F. Facilities
 - G. Ways and Means
 - H. Chaplain
 - I. Judge Advocate
 - J. DSO
 - K. Inspector
 - L. Membership
 - M. Convention
 - N. Voice of Democracy
 - O. Patriots Pen
 - P. SROTC/JROTC
 - Q. Teachers

- R. Public Service
 - S. Community Service
-
- 4. Evaluate Income sources
 - 5. Create a projected budget for the following year
 - 6. Budget Committee Review
 - 7. Present budget to COA for approval

SECTION 3

Consulting Contracts

The Budget Committee will review all contracts before they are presented to the COA. Any contract for goods, services and consulting not included in the budget must be approved by the COA before taking effect. Generally consulting agreements will be for services the Department cannot provide internally. Any Company, we do business with, must supply the State Quartermaster with a completed IRS W-9 form before being approved.

Contract specifications should include the following:

A clear description of the services provided by the consultant is to be included in the contract. This includes the duration of the agreement. All consulting contract shall expire at the end of the current membership year.

The contract includes terms about how much and when the Department of Hawaii VFW will pay the contractor in exchange for services. Payment Details are to include (Deposits, retainers and other billing details). All invoices will be broken down to labor and material expenses.

The agreement will contain provisions to prevent disclosure of sensitive material about the VFW Department of Hawaii such as trade secrets, client lists, and marketing campaigns. It will also address non-solicitation and non-competition clauses, whereby the consultant is restricted from competing unfairly or soliciting business from the VFW Department of Hawaii. These will be for designated period of time, generally one year.

The VFW Department of Hawaii will retain all ownership rights of any product or service supplied by the consultant upon completion of the project.

SECTION 4

WAYS AND MEANS

The Ways and Means committee is responsible for Department fundraising.

1. Department of Hawaii Annual Fundraiser.

- a. The following guidelines will be used to conduct the Department Fundraiser.
 - i. With COA, Senior Vice Commander concurrence that the fundraiser for the following VFW Membership year is a go.
 - ii. The Department Quartermaster will order 5,000 fundraising ticket booklets. The books of tickets will be available for distribution at the National Convention.
 - iii. The fundraising letter will be created. A sample of the letter is in the Appendix.
 - iv. Approximately 1,500 ticket booklets will be taken to the National Convention. Each line officer will each receive 70 booklets to distribute. All members of the Hawaii delegation should take 10 booklets to distribute during the convention.
 - v. The mailing envelopes return envelopes, and fundraising letter will be printed.
 - vi. The Ways and Means Chairman will coordinate mutually days agreeable with the State Quartermaster and Adjutant for volunteers to assemble a mailing package consisting of fundraising tickets, fundraising letter, and return envelope. No later than October 15, preferably in August or September.
 - vii. The State Quartermaster and Adjutant will conduct a address cleanup; removing deceased, undeliverable and incomplete addresses from the Department mailing list.
 - viii. The State Quartermaster will purchase postage for the mail out. (4,000 Stamps)
 - ix. Booklets will mailed out late October or in November, depending on when National does their mail outs.
 - x. After the mail out the State Quartermaster or his designated representative will receive returned tickets and

- will deposit all funds received.
- xi. At the Midwinter Conference, Department Convention and other Department events have a table setup for the sale of fundraiser tickets to attendees.
 - xii. The Ways and Means Chairman will report on the status of the Fundraiser to the COA.
 - xiii. The Department will conduct drawings in accordance with the published timetable on the fundraising letter.
 - xiv. The Quartermaster will issue prizes.
2. The Ways and Means Chairman will also evaluate and develop other fundraising events as necessary.

SECTION 5 DEBIT CARD USAGE

A Department debit card may only be issued to the Quartermaster. The card is to be used for official business only.

SECTION 6 Audit Procedures

Audits are important to the financial well being of the Department. Audits will review the below areas. Audits will be conducted quarterly.

Assess organizational structure

- 1 Review Organizational structure.
- 2 Lines of authority and reporting are in writing and communicated to membership.

Reports to ADJ:

Committee Reports, VOD/PP entries, Community Service Hours and monies, Community Service Awards, Authorized Vehicle drivers, Proof of Eligibility, Election Report, Committee Reports, National Visitor Request

Reports to QM:

Trustee Report, Inspection Report, Audit Reports, Election Report, Post Bonding

Reports to DSO:

Power of Attorney (VA 20-21)

Reports to COA Members:

Meeting minutes

- 3 Proper training is given to staff and volunteers.
- 4 Professional advice is taken where appropriate.

Assess budgets

- 1 Annual budget is prepared and approved.
- 2 Performance is measured against budgets at regular intervals.

Assess banking and custody procedures

- 1 Incoming receipts are banked promptly and regularly.
- 2 Safe custody is ensured for valuables held on premises.
- 3 All incoming cash is banked promptly.
- 4 Written banking and custody procedures are available for review.
- 5 Money belonging to the VFW is held separately from personnel accounts.
- 6 Control over receipt books are in place.

Assess checks of income records

- 1 Regular checks are made to ensure records are accurate.
- 2 Monthly and Quarterly Audits are conducted.
- 3 Quartermaster and Adjutant are not part of Audit Team.
- 4 Over-expenditure is controlled.
- 5 Voucher system is in effect. Expenditures are properly authorized.
- 6 Required supporting documentation is present and maintained for expenditures.
- 7 Check books are kept in a secure place with access only by Quartermaster.
- 8 The authorizing officer is not a part of payment preparation.

- 9 A written statement of policy and practice on payment procedures is available.

Assess controls over purchases

- 1 Invoices are checked against orders made.

Assess staff and salaries

- 1 Personnel records are kept and held separately from wage records.
- 2 Wage/salary levels are properly authorized and recorded.
- 4 Staff members are employed in compliance with state/federal regulations.
- 5 Background checks are completed as required.
- 6 Staff members are bonded as required

Assess accounting requirements

- 1 Accounts comply with requirements for external scrutiny.
- 2 Accounts are formally approved at a COA.

Assess bank accounts

- 1 Secure records are held of accounts
- 2 Regular bank reconciliations are carried out.
- 3 Instructions to open or close accounts are properly authorized by COA
- 4 Bank statements are regularly inspected.
- 5 Cross checks are made between bank records and income and expenditure records.

Substantive procedures:

Assess financial data

- 1 Perform tests on financial data as follows:
 - A random selection of at least ten disbursements will be selected, they will be reviewed to ensure the correct amount is written on the checks and the checks are payable to the correct vendor. The voucher associated with this disbursement will be checked to ensure the expense is classified and distributed correctly.

Assess cash

- 1 Review bank reconciliations.
- 2 Review count on-hand cash.
- 3 Confirm restrictions on bank balances.
- 4 Issue bank confirmations.

Assess marketable securities

- 1 Conduct an Investment Review. Confirm securities.
- 2 Review subsequent transactions.
- 3 Verify market value.

Assess accounts receivable

- 1 Confirm the account balances.
- 2 Investigate subsequent collections.

Assess fixed assets

- 1 Observe assets.
- 2 Review purchase and disposal authorizations.
- 3 Examine appraisal reports.
- 4 Recalculate depreciation and amortization.

Assess debt

- 1 Confirm with lenders.
- 2 Review lease agreements.
- 3 Review references in the COA minutes.

Assess revenue

- 1 Examine documentation supporting a selection of sales.
- 2 Review subsequent transactions.
- 3 Confirm unusual items with suppliers.

Assess expenses

- 1 Examine documentation supporting a selection of expenses.
- 2 Review subsequent transactions.
- 3 Confirm unusual items with suppliers.

Reporting:

Finalize financial audit details

Date of audit completion

Audit Committee Chair to present results of the Audit to the COA.

SECTION 8 LINKS

Links:

VFW National Links:

VFW National

[Visit our VFW Youth Scholarships](#)

VFW Department of Hawaii Links:

[VFW Department of Hawaii Website](#)

[Department of Hawaii on Facebook](#)

APPENDIX

A. Department Audit Form

Audit Item			Comments
Are all Officers Elected or Appointed as Required by Bylaws	YES	NO	
Does the Adjutant maintain records as required	YES	NO	
Does the Quartrmanter maintain records as required	YES	NO	
Review the Budget and verify accounts are with in budget	YES	NO	
Incoming Reciepts are handled in accoradanece with established procedures	YES	NO	
Review Expenses by Selecting Disbursments, Review that Voucher is properly executed. Checknumber and amount corresponds to voucher. Expense is properly classified and recorded in proper buget account	YES	NO	
Are the Proper Officers Bonded	YES	NO	
Do the account ledgers match the balances of the reconciled bank statements	YES	NO	
Date of Last Income Tax Filing			
Are the Department Officers properly bonded	YES	NO	
Conduct an Investment Review	YES	NO	
Additional Information::			