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United States General Accounting Office

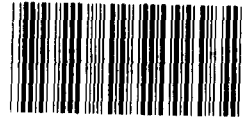
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Fact Sheet for the Honorable
Spark Matsunaga, U.S. Senate

December 1987

MILITARY FACILITIES

Funding and Membership for the Consolidated Open Mess of the Philippines



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This report was prepared outside the General Accounting Office except on the basis of the specific approval by the Office of Congressional Relations.

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RELEASED



National Security and
International Affairs Division

December 31, 1987

The Honorable Spark Matsunaga
United States Senate

Dear Senator Matsunaga:

In response to your letter of June 16, 1987, we are providing you with information on the operation of the Joint United States Military Assistance Group (JUSMAG) Consolidated Open Mess of the Philippines, which is located near Manila. You asked us to determine whether the Department of Defense (DOD) was using appropriated funds to operate the Open Mess. You also asked us to obtain details regarding the direct and indirect operating costs, in particular the utility and maintenance expenses, and information on the extent to which the facility is used by foreign nationals.

In summary, we found that (1) the Open Mess is a self-supporting activity that receives no direct appropriated funds to support its operation and (2) the majority of members are Filipino military or Filipino civilians who are honorary members. We noted, however, that the numbers of members in these categories significantly decreased in the past year. The decrease appears to be due, in part, to the Open Mess' review to purge inactive members from its membership rolls.

BACKGROUND

The Philippines JUSMAG is one of many overseas military program management organizations dedicated to the security assistance mission. JUSMAGs exist in 54 countries and the principal mission of personnel assigned to these organizations is the in-country management and implementation of international security assistance programs.

The JUSMAG Consolidated Open Mess of the Philippines was established in 1953 and operates under the rules of a Navy mess. It is intended to promote and maintain the well-being, morale, and efficiency of JUSMAG personnel and their dependents by providing dining, social, and recreational facilities. It is an integral part of the recreational facilities for JUSMAG personnel in the Philippines.

OPEN MESS FUNDING

The JUSMAG Open Mess is a self-supporting enterprise that does not receive any direct appropriated funds. Non-appropriated funds--monies derived from the sale of goods and services to its patrons--are used to finance its operation. The Open Mess' profits were \$513 in fiscal year 1986 and \$65,808 in fiscal year 1987.

General operating costs, which are totally paid by non-appropriated funds, were \$1,427,202 in fiscal year 1986 and \$1,506,816 in fiscal year 1987. Utility expenses, part of the general operating costs, amounted to \$99,709, or 7 percent, in fiscal year 1986 and \$104,101, or 7 percent, in fiscal year 1987. Salaries for all Open Mess employees are also paid out of general operating funds. Table 1 shows income and expenses for fiscal years 1986 and 1987.

Table 1: JUSMAG Open Mess Income Statements

	Fiscal year <u>1986</u>	Fiscal year <u>1987</u>
Income		
Resale revenue	\$1,159,832	\$1,239,777
Cost of goods sold ^a	- 590,688	- 581,877
Gross profit/loss	<u>569,144</u>	<u>657,900</u>
Other income ^b	<u>267,883</u>	<u>332,847</u>
Total	\$ <u>837,027</u>	\$ <u>990,747</u>
Expenses		
Direct salaries and benefits	\$ 185,440	\$ 232,446
General and administrative salaries and benefits	117,597	160,171
Direct other ^c	202,093	199,675
General and administrative other ^c	316,020	305,308
Extraordinary expense	<u>15,364</u>	<u>27,339</u>
Total ^a	\$ <u>836,514</u>	\$ <u>924,939</u>
Net profit/loss	\$ 513	\$ 65,808

^aCost of goods sold plus total expenses equals total operating costs, or \$1,427,202 in fiscal year 1986 and \$1,506,816 in fiscal year 1987.

^bOther income includes liquor sales, other revenue, and extraordinary income.

^cUtility expenses were paid out of both direct and general and administrative expense accounts and amounted to \$99,709 in fiscal year 1986 and \$104,101 in fiscal year 1987.

OPEN MESS MEMBERSHIP

In addition to U.S. active duty and retired military personnel and their dependents, membership for the JUSMAG Open Mess is open to both (1) foreign military personnel, which include officers from various embassies in the Republic of the Philippines and active duty and retired military personnel of the Armed Forces of the Philippines who are

affiliated with JUSMAG activities, and (2) honorary members, defined as influential government, business, and professional personnel who are sponsored for membership by U.S. personnel and whose membership is beneficial to JUSMAG and the furtherance of Philippine/American relations. Foreign military and honorary membership applicants are considered for membership on a case-by-case basis. These membership categories are in accordance with JUSMAG Memorandum 230-1, July 28, 1987, and are consistent with the Navy's Manual for Messes Ashore, NAVPERS 15951, revised March 9, 1981.

A November 1986 Air Force audit report¹ showed that membership of the Open Mess included 62 U.S. citizen members, 3,200 Philippine Armed Forces members, and 5,500 honorary members. As of August 5, 1987, membership included 122 U.S. citizen members, 2,042 Philippine Armed Forces members, 2,835 honorary members, and 24 foreign nationals (non-Filipino) members. The large decrease in Philippine Armed Forces members (36 percent) and honorary members (48 percent) appears to be due, in part, to the Open Mess' self-initiated review to purge inactive members from its membership rolls. Table 2 compares the total numbers and types of members on November 6, 1986, to the numbers and types on August 5, 1987.

¹Air Force audit report number 413-7-6, "Management of the Joint United States Military Assistance Group Consolidated Mess - Philippines, Manila, R.P."

Table 2: Members of the Open Mess

	November <u>1986</u>	August <u>1987</u>	<u>Percent change</u>
U.S. active duty JUSMAG military and dependents	62	122	97
Foreign nationals (non-Filipino)	a	24	-
Armed Forces of the Philippines	3,200	2,042	(36)
Filipino civilians (honorary members)	<u>5,500</u>	<u>2,835</u>	(48)
Total ^b	<u>8,762</u>	<u>5,023</u>	<u>(43)</u>

^aThe source for the November 1986 membership information, Air Force audit report number 413-7-6, did not show the number of foreign national (non-Filipino) members.

^bThough not reflected in the total, both active and retired U.S. military (and dependents) in the Manila area are also allowed to use the facility.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to obtain financial and membership information on JUSMAG's Open Mess. In addressing these objectives, we (1) interviewed officials from the Office of the Secretary of Defense and the Department of the Navy Recreational Services Division in Washington, D.C., and (2) reviewed regulations, documents, and financial statements on the Open Mess. We did not audit the financial statements provided by DOD officials.

We discussed the information we obtained with DOD officials and have included their comments where appropriate. As arranged with your office, we plan no further distribution of this fact sheet until 7 days from its issuance. At that time, we will send copies to the Chairmen of the House and Senate Committees on Appropriations and on Armed Services; the Secretaries of Defense, the Army, the Air Force, and the Navy; and the Director, Office of Management and Budget.

B-229320

Copies will also be available to other interested parties upon request. If you need further information, please call me at 275-8412.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Martin M. Ferber". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Martin M Ferber
Senior Associate Director

(391074)

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