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4 December 1951

MEMORANDUM FOR DEPUTY DIRECTOR (ADMINISTRATION)

SUBJECT: Legislation Program

REFERENCE: Legislative Counsel's Proposals of 28 November 1951

A. Following are my comments, suggestions and conclusions with respect to the proposed legislative changes accompanying Legislative Counsel's memo to you. References are to the Tabs accompanying his memo.

1. Tab A - Salaries of Senior Officials

I would not propose legislation embodying dollar figures. For Agency prestige purposes, I would like us to propose:

- a) That the Director be paid the same as a Cabinet Officer.
- b) That the Deputy Director be paid the same as an Under Secretary in the Service Departments.

I think it is unnecessary, and poor judgment, to propose any other salary amendments.

2. Tab B - Repeal of Section 3 and 5 and Revision of Section 10(a)(2)

These sections of the CIA Act refer to procurement, travel allowances, and expenditures for supplies, equipment and personnel. No opinion can be given as to the necessity of amendment or repeal because the objections to the present act are not clearly set forth. However, Section 10(a)(2) does seem broad enough to cover all the authority we need.

I am opposed to suggesting any further amendment to Sec. 10(a)(2) (its very brevity is our strength), and am strongly opposed to the suggested amendment extending our authority to that in any other "...law upon determination by the Director that the provisions of such law or laws, or modification thereof approved by the Director are to be used by the Agency...". It is tactless to suggest that the Director be given authority to modify a law.

Approved For Release 2003/06/03 : CIA-RDP80R01731R001700110188-9

- 2 -

3. Tab C - Repeal of Section 9

This section authorizes 3 scientific employees at between \$10,000 and \$15,000. Agree with Chadwell that this can be repealed, as the new Classification Act makes it obsolete.

4. Tab D - Firearms

Do not see any necessity for asking authority for an extension of our right to arm guards, and believe it is a dangerous request to make.

5. Tab E - Exemption from Customs Regulations

Would approve this request, but clear it first with Treasury, Agriculture and any other agency involved.

6. Tab F - Exemption from Efficiency Rating System

Would approve suggested Act.

7. Tab G - Copyright and Slander Indemnity

See no harm (and no particular urgency either) in idea of proposed amendment, but do not like the proposed language

"unwittingly in the course of duty, or wittingly." 25X1
 would suggest language covering violation "in the course of duty".

8. Tab H - Admission of Aliens

Believe this amendment unwise because, as pointed out in Counsel's memo, the problem is not limited to CIA.

9. Tab I - Payment of Expenses to First Post of Duty

Unwise, same reason as C. above.

b. It is not necessary for me to comment on the first three major items proposed as I assume these follow established Agency policy and are necessary. They are (a) our 1953 appropriations; (b) authority to make the retroactive wage payments and (c) securing funds to construct our building.

Stuart Hedden

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SECURITY INFORMATION

MEMORANDUM FOR MR. JACKSON

SUBJECT: Feasibility of Separate Administrative Office under DD/P.

PROBLEM

To give covert operations the maximum capacity for obtaining prompt and adequate support for their operations, particularly abroad, without sacrificing the Director's control through his central administrative staff and without delegating responsibility for funds any further than the performance of mission absolutely requires.

Note: This examination was undertaken because DD/P, AD/PC and DAD/SC all informed Mr. Jackson, during his survey of OPC, that present practices were not satisfactory and did not provide the prompt, adequate support essential to their missions. It was deemed unwise to examine too closely their reasons for these conclusions because (a) requiring documentation of their case could only result in producing friction between the Offices of DD/P and DD/A at the lower echelons; (b) DD/A agrees that more autonomous control of its own support by DD/P's office can be worked out without prejudice to DD/A's effective control; and (c) the conclusion of the operating officers that present practices are unsatisfactory is, ipso facto, a serious problem whether or not this conclusion is justified. The fact that this study has been undertaken is therefore not to be construed as even an implied criticism by the undersigned of the way the Offices of DD/P and DD/A now coordinate.

DISCUSSION

- A. Certain functions clearly, and by admission of both DD/A and DD/P, should be centrally administered and others as clearly

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Approved For Release 2003/06/03 : CIA-RDP80R01731R001700110188-9

- 2 -

should be delegated by DD/A to be administered by the operating office subject only to conformance to standards determined (on a general, not an ad hoc, basis) by DD/A and subject to central administration inspection and post-audit. Between these two extremes is a broad set of functions which could with equal logic be centrally administered or delegated by DD/A for autonomous administration in the covert offices. The object of this memo is to place such functions under a responsibility agreeable to both DD/P and DD/A and where they can best be performed to enable our missions to be accomplished without duplication, waste of time or resources and without friction.

- B. Because of semantic dangers inherent in general discussions, this memo will discuss detailed functions after two general observations:

1. The scope of activities of OPC is fundamentally temporary and these activities will contract and expand at accelerated rates compared to the rest of the Agency. Therefore, to build central administration to administer to this office is not organizationally desirable and where doubts exist administrative functions of OPC should be centered in OPC (subject always to central administration standards, inspection and audit) so that rapid changes in its scope of activities will not throw our central administration out of gear.

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2. Under responsibility for support of the principal DFC functions rests not with this Agency but with DD, so the logic of central administration is not as compelling as in the case of CIA direct responsibilities.

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- (a) Functions of administration of DD/P's office clearly belonging to central administration.
- (1) Budget approval and controls (This determines allocation of funds, so no shift of funds between budgets should be made without DD/A's approval).
 - (2) Inspection, to insure adherence to standards and to initiate remedial action where required.
 - (3) Audit (at some point down the chain of command, audit of covert operations must be made by covert audit agents but their audit responsibility should always be to DD/A and not to DD/P).

- 4 -

- (4) Medical support (to avoid unnecessary duplication and permit coordination with other IAC Agencies).
- (5) Legal staff (to avoid unnecessary duplication).
- (6) Personnel control (recruiting, records, standards for leave, vacations and overtime, etc.) for Washington employees who will never require field cover and personnel classification determinations for all services which are common to overt and covert offices.
- (7) Training of employees located permanently in Washington, including overt and semi-overt indoctrination, training in intelligence trade craft and administrative and supervisory training.
- (8) Establishment of standards for administration of confidential funds allocated in a budget to DD/P's office.
- (9) Overt services in Washington area (motor pools, parking spaces, janitoring, guards and couriers, real estate and construction, excluding sensitive sites, telephones, travel and transportation services in the U. S. and overt travel abroad).

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- 5 -

- (10) Overt procurement, i.e. procurement of supplies and materiel common to overt offices, and the establishment of standards for procurement, storage and distribution of covert materiel.
 - (11) Printing done in Washington.
 - (12) Coordination of all administrative activities (even covert procurement, for example, should not proceed without clearing with central administration to prevent conflict with other CIA procurement and must be subject to standards governing procurement - by direct purchase or through military sources - storage, distribution, and standards of property accountability).
- (b) Functions of administration in DD/P's office which could properly be delegated to an administrator assigned to that office (all subject to coordination with DD/A and reporting to him).



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Approved For Release 2003/06/03 : CIA-RDP80R01731R001700110188-9

Next 3 Page(s) In Document Exempt

Approved For Release 2003/06/03 : CIA-RDP80R01731R001700110188-9



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LEGALITIES

There are no legal restrictions which will prevent decentralization of certain administrative functions as this is essentially an Agency matter. It should be pointed out, however, that present centralization of administration under CIA Regulation does not conform to and with the recommendations of the Secretaries of State and Defense of 25 July 1949 and the directive of 5 August 1949 proceeding from the 44th meeting of the NSC. The recommendations below, being in conformity with these directives, require no further legal support.

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COST

No detailed study of the costs of the procedure outlined herein is provided, for the reason that additional administrative personnel is going to be required in any case by the expanded activities of the Agency, and whether such personnel is assigned to work in the command echelons or the central administrative echelons will not vary the cost factor. There may be some additional file and record costs initially but this item is relatively immaterial and would also be absorbed by requirements which will exist in any event to take care of the expanded needs of the Agency.

RECOMMENDATIONS

That there are inherent limitations of centralization of administration in the field of covert operations is recognized in present practices in the draft of the DD/A progress report, in the Dulles Report and in NSC 50.

There can be no limitation upon the duty and necessity of central administration to conduct a detailed examination of covert budget requirements before budgeting funds to any covert operation; to inspect both for adherence to administrative regulations and finance all covert activities and to post-audit all expenditures of all Agency offices fiscally and budget wise. The duty of coordinating all Agency administrative activities also falls upon central administration.

Two analogies which have been suggested in the course of this study indicate premises upon which logical and practical conclusions might be based. The first analogy would view central administration as a holding company and DD/P's operations as a subsidiary corporation having its own complete administrative set-up reporting to the holding company. This analogy is rejected. A more proper analogy would view the functions of DD/P's office as an integral part administratively of the central organization but autonomous to the extent that would be required if, for example, the DD/P's office were located in China. This analogy is accepted as accurate because the peculiarity of functions, particularly of ORO, is as distant from other Agency functions as the space distance of the analogy.

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Approved For Release 2003/06/03 : CIA-RDP80R01731R001700110188-9

Next 1 Page(s) In Document Exempt

Approved For Release 2003/06/03 : CIA-RDP80R01731R001700110188-9