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5 April 1976

MEMORANDUM FOR THE RECORD

Tom Yale, CIA Director of Finance, came to see me today. He said he felt strongly that the IC Staff, as it moves off and becomes more separate, should have its own budgeting arrangements. He thinks that one way to do this is to provide a single line item in the Agency budget to cover the ICS with the understanding that it would be defended by the D/DCI/IC, but not scrubbed by the CIA Comptroller. Certification of expenditures and budget execution would be made directly to the Office of Finance computer and registered against four or five financial account numbers set up exclusively for the IC Staff.

He urged that there be an ICS budget officer, at the GS-14 or 15 level, reporting directly to the Executive Officer and acting in effect as the ICS Comptroller. Yale would prefer Executive Officer subordination rather than burying the budget man in an administrative staff. Yale thought new arrangements along these lines could be worked out and take effect beginning FY-77 on 1 October this year.

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E. H. Knoche

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cc:

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Some Thoughts on ICS Reorganization - Administrative Support Structure

1. As the development and execution of plans for restructuring an augmented Intelligence Community Staff gain momentum, policy as well as procedural issues involving administration and support will have to be addressed. It would seem timely to raise some of the more important issues and hopefully to begin to develop the concepts, the policies, and the procedures which might apply to the support administration of a more "separate" Intelligence Community Staff.

2. It is perhaps somewhat elementary to suggest that the first issue needing resolution is a definition of the term "separate." However, a clear interpretation and understanding of this assertion is crucial to the solution. agree

3. The notion of "separate" and "not a part of CIA" is obviously a reasonable one as it applies to the conduct of ICS substantive and operational responsibilities. Independence from CIA substantive influence and control is no doubt advantageous and even necessary if accusations of parochialism and self-interest are to be avoided as the Staff acts for and in behalf of the Director of Central Intelligence. But the issue of administrative support can be viewed quite separately from decision-making issues of substance and community management policy. One can argue with logic for independence from CIA influence and control in substantive policy areas but in internal administrative areas the arguments may be less convincing. agree Do not agree

4. Administrative support in one sense is a service function--an activity which assures the flow of the resources necessary for an organization to do a job. In another sense administration involves the notion of responsible management of those resources. It is to assure a degree of responsible management of resources that CIA has evolved a body of regulations over the years which sets forth policies and procedures governing the administration of personnel, property and funds. It is unlikely that CIA could be persuaded to render administrative support to any organization demanding exemption from the controls and standards prescribed by these regulations as a condition of that support. Further, it is doubtful that there is any legal basis for the administration of personnel, property and funds outside the framework of these regulations in the absence of any other applicable regulations. Therefore, this think piece will not deal with the problem of the degree to which ICS should be exempted from the provisions of CIA administrative support regulations but rather with the manner and the process by which CIA will render that support. Hence any question agree

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5. Realistically, there are three options available:

1) Continue the support arrangement as it now exists and which places the responsibility for the quality, coordination and procurement of administrative support for the ICS upon the Administrative Office of the DCI Area--a responsibility which he has for all offices of the DCI Area; agree

2) Adopt a modification of this approach which would require the addition of a small number of administrative specialists to the Table of Organization of the ICS who would work with and through the Administrative Office of the DCI Area on most administrative matters except perhaps the most routine; or agree

3) Establish a totally independent administrative unit in the ICS with responsibility and resources sufficient to handle all matters arising in areas of personal services, personnel management, budget, financial management and control, logistics, training, travel, security, etc. In effect another administrative staff somewhat similar (in size and expertise) to the current AO/DCI would be required. agree

6. Before examining the merits of each of these alternatives, it might be useful to recap briefly the rationale leading to the centralization of support for the "DCI Area" in one administrative office within the immediate Office of the Director.

7. Prior to Mr. Colby's appointment as DCI, each "office of the so-called "DCI Area" was responsible for the totality of its own administrative management and support requirements. The Administrative Office of the DCI was committed solely to the support of the immediate Office of the Director. Consequently, each office--in one way or another employed individuals to handle administrative problems directly with DDA support offices.

8. The DCI felt that this resulted in two relatively undesirable situations:

1) an excessive number of man-years involved in administrative support in the DCI Area; and

2) a certain lack of homogeneity among the several offices in the handling of support problems particularly in the budget, personnel and procure-

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Approved For Release 2005/01/10 : CIA-RDP84M00713R000200100007-5

Next 1 Page(s) In Document Exempt

Approved For Release 2005/01/10 : CIA-RDP84M00713R000200100007-5

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1. There are several different approaches to the problem of providing administrative support for the ICS. The basic decision that must be made is how independent does the new ISC want to be?

2. At this time, the DCI Administrative Staff provides the necessary support in such areas as personnel, budget and finance, as well as maintaining the Logistics property account. The DCI Administrative Staff currently provides administrative support to eight different offices, such as the IC Staff that are included in the overall DCI complex. Each of these eight offices or staffs are handled as a separate identity by the DCI/Admin Staff, and their budgets and proper records are maintained as separate line items in the overall DCI accou

3. There appears to be only two courses of action to be explored:
   (a) Continue to provide administrative support within the existin frame work; or
   (b) Establish a separate administrative staff for the ICS.

4. The pros and cons of both courses of action are as follows:

<u>Maintain present arrangement with DCI/Admin Staff</u>

<u>PROS</u>

Overhead Costs increased by

A. The number of personnel required to staff an independent Administrative Staff would not be necessary, thereby reducing overhead costs by approximately $100,000.00. One additional Admin. Officer would be required to assist the Executive Officer in supervising the existing small Admin. Staff in its daily operation. This individual would also provide the interface with the DCI/Admin Staff for accomplishing tasks which required their assistance.

B. All budget inputs to the computer would be made by the DCI/Admin Staff and, as a result, it would not be necessary to install a CRT terminal for budget inputs.

C. All administrative functions, such as Logistics, Personnel, and Travel currently performed by the DCI/Admin Staff would continue to be performed by them. It would not be necessary to establish new working arrangements with DD/A elements at a time when the IC Staff is undergoing a reorganization and relocation, thereby making the transition period much easier.

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CONS

A. The IC Staff would still be dependent on the DCI/Admin Staff for logistics, finance and personnel support. (The ICS will still be dependent on CIA for support regardless of what arrangements are made concerning an independent Administrative Staff,)

B. It is anticipated that some areas of administrative support could take longer to accomplish as the IC Staff would be one of eight activities placing requirements on the DCI/Admin Staff.

Approved For Release 2005/01/10 : CIA-RDP84M00713R000200100007-5

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ESTABLISH A SEPARATE ADMINISTRATIVE GROUP FOR THE IC STAFF

PROS

A. Would ensure independence from the DCI/Admin Staff.

B. ICS would be able to direct its own administrative support, i.e., logistics, finance, and personnel.

C. ICS would monitor/program/reprogram their own budget.

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ESTABLISH A SEPARATE ADMINISTRATIVE GROUP FOR THE IC STAFF

CONS

A. Would require an increased staff of 5-7 individuals to administer logistics, finance, personnel, etc. As a result, overhead costs would increase by approximately $100,000.00.

B. Would require establishment of new channels of communications for accomplishing daily support through the DD/A, i.e., the Administrative group would deal directly with their counterparts in their career services.

C. Reprograming of funds would be more difficult if the budget were separate from DCI.

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5. It is recognized that this is rough treatment of a complex issue. However, when the costs of establishing a separate Administrative Staf are so high, there must be a much greater benefit than is apparent at this time.

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