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Project A

3.3(b)(1)
3.5(c)

DD/S 69-5563

12 DEC 1969

MEMORANDUM FOR: Director of Planning, Programming and Budgeting

SUBJECT: Contract and Audit Support for Operational Phase of Project AQUILINE

REFERENCE: Memo dtd 28 Nov 69 to Exec. Dir. -Compt. fr DD/S&T re same subject (DD/S&T-4330/69)

1. The proposal contained in the reference offers the following difficulties:

A. It appears improper to use NRO authority for an Agency project.

B. If NRO authority is used, it would be desirable to use the OSA auditing capability rather than the Agency's Industrial Contract Audit Division.

C. The regular Agency security mechanism would provide better security for Project AQUILINE than the separate security system of OSA.

2. For the above reasons, the Support Directorate does not concur in the recommendation contained in paragraph 4 of the reference.

(Signed) John W. Coffey

John W. Coffey
Assistant Deputy Director
for Support

Att:
Ref Memo

PS-DD/S [] /6833 (11 Dec 69)

Distribution:

- Orig & 1 - Adse w/att and related notes
- ①- DD/S Subject w/cy of att & related notes
- 1 - DD/S Chrono
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1 - Mr. Blake, DD/L per Mr. Coffey instructions - 16 Dec. 1969.

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PPB 69-1208

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Remarks:

Attached is DD/S&T request to transfer contract management responsibility for AQUILINE from ORD to OSA when the system becomes operational. This means OSA will contract under its unusual authorities - separate from normal Agency contracting procedures, but utilizing ICAD for audit. We have cleared this memo with DDS. Recommend you approve, but with reservation explicitly stating "With the caveat that the R&D effort currently funded by ORD be continued" under normal contracting procedures.

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FROM: NAME, ADDRESS AND PHONE NO.

DATE

John M. Clarke, D/PPB, , Hqs.

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<p>Remarks:</p> <p><i>[Handwritten signature]</i></p> <p>For comment and recommendations.</p> <p>ExDir has not seen.</p> <p><i>Assuming we get operational money - a remote possibility - lets be certain DD/S has no problem here and lets define timing?? and people involvement more clearly for ExDir.</i></p>					
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FROM: NAME, ADDRESS AND PHONE NO.				DATE	
SBreckinridge Acting EA/Executive Director				3 Dec 69	
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Assuming we get operational money - a remote possibility - lets be certain DD/S has no problem here and lets define timing?? and people involvement more clearly for ExDir.

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22 NOV 1969

69-5887

DD/S&T-4330/69

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Project AQUILINE--Contract
and Audit Support for
Operational Phase

1. A recommendation is contained in paragraph 4 for your approval.
2. As you are aware, the Office of Special Activities in this Directorate will assume the responsibility for the operational phase of Project AQUILINE and plans are now being formulated for that purpose. At the time OSA assumes operational and technical responsibility for this program, we should also transfer the contracting function to OSA to be administered under the special delegation of Contracting Authority in that Office. Contracting to date for the research and development phase of AQUILINE has been conducted under regular Agency contract and audit procedures with the bulk of the contracting performed by the West Coast Procurement Office.
3. Our recommendation for transferring the contracting function to OSA for the operational phase, notwithstanding use of Agency funds, is based upon the following:
 - a. The importance of the AQUILINE program requires very close support and cooperation between technical, operational, contracting and security personnel. The Contracting Team in OSA is fully integrated with technical, operational and security personnel and therefore in a position to provide the direct and close support which is extremely important in the operational phase. We believe that assumption of contract responsibility by OSA for the operational phase of the program is completely

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**SUBJECT: Project AQUILINE--Contract and Audit
Support for Operational Phase**

consistent with the contracting team concept with which this Directorate has had significant success.

b. Operation of the AQUILINE vehicle will unquestionably be an extremely sensitive undertaking and will require security procedures designed to protect against disclosure of the existence and purpose of this program. The same security procedures utilized in earlier OSA operational programs will be needed for the AQUILINE program.

c. In view of the fact that Agency appropriated funds will be utilized for AQUILINE, however, we believe that audit responsibility should remain with the Industrial Contract Audit Division under the Office of Finance.

4. It is accordingly recommended that you approve the assumption of contracting responsibility by Contract Management Division/OSA for the operational phase of AQUILINE using the special delegation of Contracting Authority in OSA.

[Redacted Signature Box]

Carl E. Duckett
Deputy Director
for
Science and Technology

APPROVED:

Executive Director-Comptroller

Date

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