

JAN 7 1958

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Trip of Messrs. Macy and Baker, BOB, to Certain FE
Division Stations

REFERENCE : Memorandum to DCI from Deputy Comptroller, Undated

1. This memorandum is for information only.

2. The stations scheduled to be visited by representatives of the Bureau of Budget, Messrs. Macy and Baker, have recently been inspected by members of the IG Staff. Many of the items listed in the first objective have been examined by the inspection team or are currently in process of detailed study. We were not permitted to make the kind of comparative analysis that Mr. Macy contemplates, so we can draw no conclusions relative to other agencies. However, a review of the Agency's position indicates that we may be vulnerable in at least one significant aspect--that of quarters allowances.

3. Our expenditures in this category are quite high and may well exceed those of other agencies. Our findings indicate that inflationary conditions and the unavailability of medium and low-priced housing in all of the FE area weigh very heavily in contributing to this expense. Additional factors affect local conditions such as the temporary housing shortage in

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absence of any decent housing in a place like [REDACTED] These are factors which affect the housing expenditures of all U. S. agencies equally and the criticism to which this Agency may be subjected is that the housing we are providing is superior to that of other agencies on a comparative grade basis. That is to say that the quarters we provide a GS-14 without

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[REDACTED]

of work we expect from Agency employees, they are entitled to live in decent and comfortable quarters and Agency expenditures in this category are largely justified.

4. I would like to point out that Mr. Macy does not include vehicular allowances in his list of items to be examined. This is another vulnerable area and it is likely that Mr. Macy will become well aware of it while on his trip. We should be prepared for critical comment on this subject.

5. The second objective of Mr. Macy's trip concerns the examination of methods of measuring the success or failure of programs and projects and determining when they should be continued or liquidated. I believe that our established review procedures together with the conscientious effort being made by the Chief of FE Division to eliminate marginal operations will meet any normal standards Mr. Macy may apply. I suggest that we do not attempt to bar him from making such examination. There are a sufficient number of relatively non-sensitive activities into which he can inquire and which will demonstrate the effectiveness of Agency control methods without endangering operations. These could either be selected at headquarters in advance or left to the discretion of the Chiefs of Station.

6. The whole effort being made by Mr. Macy gives further indication of Budget Bureau's inclination to try to fit this Agency into the standard pattern of all government agencies. To some extent, we have encouraged this attitude by attempting to adopt standard government practices to this organization which by the very nature of its responsibilities must conduct its affairs by methods not contemplated by the originators of the standards applicable to regular agencies. I would like to suggest that in your discussion with Mr. Macy you take the opportunity to emphasize this point.

7. I intend to hold a briefing session for Messrs. Macy and Ecker to explain to them our methods of self-examination and also to review with them those aspects of our FE inspection which are pertinent to their mission.


Lyman B. Kirkpatrick
Inspector General

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for

cc: DDCI
Chief, FE Div.,
via DD/P
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