

14 AUG 1962

MEMORANDUM FOR: Deputy Director of Central Intelligence

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SUBJECT : [REDACTED] Project [REDACTED] and Other DD/R Projects

REFERENCE : Memo dtd 27 Jul 62 to DDCI fr DD/R, subj: "Establishment of [REDACTED]"

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[REDACTED]

1. Referenced memorandum, which has been referred to this office for coordination, recommends that the Contracting Officer for DD/R, Mr. [REDACTED] be empowered to redelegate such Contracting Officer authorities as are deemed necessary and appropriate to Mr. [REDACTED] assigned as OSA-DD/R Contracting Officer to the Director, Special Projects, OSAF. Both Mr. [REDACTED] are members of the Logistics career service and, as such, were appointed to their present position by the Director of Logistics with Deputy Director (Support) approval.

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2. The Inspector General's Survey of the Office of Logistics, June 1961, considered this problem of direct procurement at some length and recommended (Recommendation No. 23): "The Deputy Directors authorize periodic reviews of direct procurement activities of components under their jurisdiction and the Director of Logistics assume responsibility for the periodic reviews as specified from time to time by the Deputy Director (Support)."

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3. Subsequent to concurrence by the Deputy Director (Plans) and the Deputy Director (Intelligence), [REDACTED], then DD/P, expressed concern that the procurement procedures of the Development Projects Division, predecessor of OSA-DD/R, might be hampered or otherwise interfered with if the proposed periodic reviews by the Director of Logistics became highly formalized or were delegated below the level of Director of Logistics. There followed an exchange of views between [REDACTED] and Mr. [REDACTED] on the one hand and Colonel White and the Director of Logistics on the other, which was finally resolved by decision of the DDCI in favor of having the Chief, Procurement Division, review DFD procurement. Arrangements for this are presently being worked out.

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4. The proposal contained in the referenced paper from the DD/R is not in accordance with either the IG's recommendation or the procedures established for implementing that recommendation. There is no provision for periodic review of direct procurement activities of the OSA-DD/R which we believe would be a very important

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and necessary link between the Agency's Chief Contracting Officer who has over-all responsibility for Agency procurement and this large and important procurement facility. Furthermore, regarding the proposed authority for Mr. [REDACTED] to redelegate his authorities to Mr. [REDACTED] it seems to me more appropriate that this delegation, as well as the delegation to Mr. [REDACTED] should come through normal channels from the Director of Logistics rather than as a redelegation from Mr. [REDACTED]. This would be consistent with sound management practices, i.e., the avoidance of overlapping conflicting delegation of authority.

SIGNED H. Gates Lloyd

**H. Gates Lloyd
Acting Deputy Director
(Support)**

A-DD/S:HGL:fp

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