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COMPT

78-0656

29 JUN 1978

MEMORANDUM FOR THE RECORD

SUBJECT: Comptroller Meeting - 27 June 1978 (U)

1.(U) The Comptroller met with the Deputy Directors at 4:00 p.m. on 27 June 1978 to review the Status of Obligations through 31 May 1978

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2.(U) Mr. Yale reported on the Status of Advances from Other Government Agencies and Other Governments through two-thirds of the year, noting no significant abnormalities.

3.(S) Delivery of 40 KY-70 Secure Voice Terminals ordered late last year will begin about this time next year. The Director of Communications will be in touch with the Directorates to validate requirements and establish the priority attached to each for use in determining how the terminals should be allocated on delivery.

4.(S) Funding actions taken during the first six months of 1978 were reviewed. About 45 requirements were funded totalling about \$6.4M using funds available from advance funding actions taken late in 1977, personal services surpluses in the Operations Directorate in 1978, and some surpluses in the Office of Communications.

5.(C) Through two-thirds of the year the Agency program overall is obligated or committed at almost exactly the two-thirds rate. Personal services are obligated at slightly less than two-thirds and non-personal services at slightly more.

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6.(S) On-duty strength of the Agency continues to decline, with [redacted] on duty as of 17 June 1978, 128 below the 1978 ceiling. The Office of Personnel projects that Agency strength by the end of September will have dropped to about [redacted] about 100 below the positions requested in the 1979 Congressional Budget. Even if the worst case were realized, and 90 positions were cut as proposed by Congressional committees without any

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offset for the increase of 15 positions, directed by the Senate Select Committee to be added to CI Staff, the on-duty strength projected by the Office of Personnel would still be below the 1979 authorization. Directorate projections of year-end strength are considerably more optimistic than those of the Office of Personnel, but there is some doubt that the Directorates can meet their objectives. There was some discussion of actions that might be taken to ensure that 1978 year-end strength does not drop below the 1979 ceiling. Mr. Malanick reported that he has directed the Offices of Medical Services, Security, and Personnel to expedite applicant processing. Directorates were encouraged to accelerate recruitment efforts to bring as many people as possible into the Agency against 1979 requirements. The problem will be reviewed again next month, at which time some specific proposals for actions to be taken will be offered.

7.(S) Personal services savings through the end of the year are estimated to be about \$2.8M, assuming appropriation of the full amount requested for the Pay Act. Congress rarely appropriates the full amount requested, however, and we might have to absorb as much as 10 percent. Until the Pay Act appropriation is settled, personal services savings are not available for reprogramming.

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8.(S) The status of some selected major activities was reviewed by group chiefs with explanations offered for lagging or advanced obligation and commitment rates. Mr. [REDACTED] presented a detailed analysis of the status of Project SAFE funds.

9.(S) Last January there was some concern that external training requirements might exceed funds available within the Congressional limitation imposed by the Agency response to a Congressional reduction of \$1M in training funds. Overall, obligations for external training are now behind the straight-line rate, even though three of the five major components are ahead of the curve. Some components may have curtailed external training to guard against exceeding the Congressional mark, and it was suggested that Directorates review again their external training requirements through the remainder of the year and present to the Comptroller by 14 July their best estimates of the remaining requirements. These estimates will be reviewed at the July Comptroller Meeting, with a view toward reallocating authorization for external training to satisfy the most urgent requirements.

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10.(S) The status of funds budgeted for reimbursements to the [REDACTED] was reviewed, showing an estimated potential increase of about \$1.4M. Only two of nine agreements have been finally negotiated for 1978. In both of these cases a slight surplus in budgeted funds has occurred. Other agreements will not be negotiated until later in the year, but an overall increase is anticipated because of a difference between the actual number of [REDACTED] and the number budgeted. Rising

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25X1Cyyyyy costs are also a contributing factor. Because reimbursements to the [REDACTED] are a matter of Congressional interest, and because the Congress made a token reduction of about \$230,000 in funds budgeted for this item in 1978, it is anticipated that a report to the Congress will be required describing the final negotiated figure and the reasons for any increase that may finally be determined to exist.

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12.(S) Last fall we allotted all of the appropriated personal services money and 85 percent of the non-personal services appropriation. The intent of the partial allotment was to cause managers to think ahead about how they run their programs; encourage them to obligate at an even, or planned, rate throughout the year; encourage them to validate obligations as they go through the year; and improve the basis for estimating the availability of surpluses during the last part of the year. At that time we said the unallotted 15 percent balance would be allotted early in the fourth quarter on the basis of need, including the need to fund unfunded requirements, and we presented a formula in terms of percentages for computing the amounts to be allotted/withheld. Using dollar amounts, rather than percentages, a chart was displayed showing the method of computation for fourth-quarter allotments. The formula applied and the

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amounts to be allotted were accepted by those present. Estimated surpluses totalling about \$3M continue to be withheld to satisfy requirements that may occur during the last quarter of the year or to fund items taken out of the 1980 Program for funding in 1978 or 1979.

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Chief, Budget Management Group  
Office of the Comptroller

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O/Compt./BMG  :mlp (7865) 28 June 1978

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OVERVIEW

- ⊙ LAST YEAR WE FUNDED 40 KY-70 SECURE VOICE TERMINALS.
- ⊙ DELIVERY WILL BEGIN APRIL/MAY 1979.
- ⊙ REQUIREMENTS WILL HAVE CHANGED, NEW ONES WILL HAVE DEVELOPED; AND, IN ANY CASE, THEY WILL EXCEED AVAILABILITY.
- ⊙ WE NEED TO PLAN NOW FOR THE ALLOCATION AND INSTALLATION OF THE 40 TERMINALS.
- ⊙ THE DIRECTOR OF COMMUNICATIONS WILL BE IN TOUCH WITH YOU SOON FOR A VALIDATION OF REQUIREMENTS AND THE PRIORITY ATTACHED TO EACH TO BE USED AS THE BASIS FOR DETERMINING HOW THE TERMINALS SHOULD BE ALLOCATED ON DELIVERY.
- ⊙ TODAY WE WILL:
  - ...REVIEW FUNDING ACTIONS TAKEN DURING THE FIRST SIX MONTHS
  - ...REVIEW THE STATUS OF PERSONAL AND NON-PERSONAL SERVICES OBLIGATIONS THROUGH 31 MAY, TWO-THIRDS OF THE YEAR.
  - 25X1A ...LOOK AT EXTERNAL TRAINING [REDACTED]
  - ...CONSIDER UNFUNDED REQUIREMENTS IN RELATION TO ESTIMATED SURPLUSES AND PROPOSE SOME FUNDING ACTIONS.
  - ...DISCUSS FOURTH QUARTER ALLOTMENTS.

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Next 4 Page(s) In Document Exempt

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DISCUSSION

• Personal Services Savings Estimated:

by Directorates	\$1.000
by Comptroller	\$2.800

Difference due to differing methods of computation. Interested parties agree that Comptroller method probably is more accurate. ?

- Estimates assume appropriation of full amount requested for the Pay Act.
- Congress rarely appropriates the full amount requested. We may have to absorb as much as 10 percent.
- A 10 percent cut will use up more than \$2 million.
- Personal Services savings not available, therefore, to fund unfunded requirements.

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Next 9 Page(s) In Document Exempt

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FOURTH QUARTER ALLOTMENTS

LAST FALL WE ALLOTTED 85% OF THE FULL APPROPRIATION. WE SAID AT THE TIME THAT OUR PROBLEM IN PREVIOUS YEARS HAD BEEN OUR INABILITY TO ESTIMATE WITH REASONABLE ACCURACY AND RELIABILITY AT ANY TIME DURING THE YEAR, BUT ESPECIALLY DURING THE LAST FEW (TWO-FOUR) MONTHS OF THE FISCAL YEAR, HOW MUCH MONEY IS, OR WILL BECOME, AVAILABLE AS UNOBLIGATED BALANCES TO FUND UNBUDGETED REQUIREMENTS.

THE INTENT OF THE PARTIAL ALLOTMENT WAS TO:

- ...CAUSE MANAGERS TO THINK AHEAD ABOUT HOW THEY RUN THEIR PROGRAMS.
- ...ENCOURAGE THEM TO OBLIGATE AT AN EVEN, OR PLANNED, RATE THROUGHOUT THE YEAR.
- ...ENCOURAGE THEM TO VALIDATE OBLIGATIONS AS THEY GO THROUGH THE YEAR.
- ...IMPROVE THE BASIS FOR ESTIMATING AVAILABILITY OF SURPLUSES.

FURTHER, WE SAID THE UNALLOTTED BALANCE (15%) WILL BE ALLOTTED EARLY IN THE FOURTH QUARTER ON THE BASIS OF NEED, INCLUDING THE NEED TO FUND UNFUNDED REQUIREMENTS, AS AGREED AT A COMPTROLLER'S MEETING. THE HARD UNFUNDED REQUIREMENTS IDENTIFIED BY A PARTICULAR COMPONENT WILL BE A FACTOR IN DETERMINING THE AMOUNT TO BE ALLOTTED FROM THE 15% WITHHELD; AT THE TIME, WE PRESENTED A FORMULA IN TERMS OF PERCENTAGES FOR COMPUTING THE AMOUNTS TO BE ALLOTTED. IT NOW APPEARS MORE MEANINGFUL TO PRESENT DOLLAR AMOUNTS IN RELATION TO THE FUNDING ACTIONS WE RECOMMEND. IF WE TAKE THOSE ACTIONS, IT WILL MEAN -----

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