

ER 9-3978A

9 JUL 1957

**The Honorable Harry F. Byrd
Chairman, Joint Committee on Reduction
of Nonessential Federal Expenditures
Congress of the United States
Washington 25, D. C.**

Dear Mr. Chairman:

This is in reply to your letter of 31 May concerning the action taken by this Agency on the recommendations of the Second Hoover Commission.

Annex A, attached hereto, summarizes the action we have taken on those aspects of the government-wide recommendations of the Hoover Commission which were relevant to the activities of this Agency. In addition to its government-wide recommendations, the Hoover Commission also made a specific report on Intelligence Activities. This report, which was published on 29 June 1955, made only one specific recommendation, relative to the creation of a Presidential Advisory Board and a Joint Committee of the Congress to concern themselves with foreign intelligence activities. This recommendation, with comment as to actions taken, is set forth in Annex B. The remainder of the Hoover Commission report consisted of a series of comments and recommendations by its Task Force on Intelligence Activities, under the chairmanship of General Mark Clark.

The Clark Task Force recommendations were forwarded for the consideration of the Congress and of the Executive Departments concerned without any specific comment or approval by the Hoover Commission or action by the Congress. We have not dealt with them in this unclassified report. Since any meaningful comments on many of the recommendations

would have to bear a high security classification, however, we have prepared a classified report, describing actions taken relative to the Clark Task Force recommendations. We would be happy to discuss this report with you or your Committee if you so desire.

I hope that the material forwarded herewith is responsive to the requirements of your Committee. In the event that further information is required, we shall make every effort to furnish it.

Sincerely,

SIGNED

Allen W. Dulles
Director

Enclosures

1. Annex A
2. Annex B

IG/LC/[] fm (9 July 57)

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Congress of the United States

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

(CREATED PURSUANT TO SEC. 601 OF THE REVENUE ACT OF 1941)

May 31 1957

Executive Director
93922

Honorable Allen W. Dulles
Director of Central Intelligence
Washington 25, D. C.

My dear Mr. Dulles:

Under authority of Section 601 of the Revenue Act of 1941 (55 Stat. 726), the Joint Committee on Reduction of Nonessential Federal Expenditures requires information relative to Second Hoover Commission recommendations applicable to agencies and their administration, activities, programs and projects under your jurisdiction, as follows:

1. List of all recommendations, with your estimate of annual expenditure savings in each instance, assuming full acceptance and implementation.
2. List of all recommendations fully implemented to date.
3. List of all recommendations partially implemented to date, with your estimate of annual expenditure savings in each instance based on that part implemented.
4. List of all recommendations which have not been implemented to any degree to date.

If there are government-wide recommendations incapable of specific application to agencies, activities, programs and projects under your jurisdiction, it will be appreciated if you will identify them with explanation in each instance.

Your views and comments on any aspect of the subject of this inquiry will be welcomed. Response to this inquiry is requested not later than June 15, 1957.

Very truly yours,

Harry F. Byrd, Chairman

ANNEX A

ANNEX A

**GOVERNMENT-WIDE RECOMMENDATIONS OF THE
HOOVER COMMISSION IMPLEMENTED BY
THE CENTRAL INTELLIGENCE AGENCY**

1. **The Agency has in effect a Paper Work Management Program which embodies all of the features suggested by the Hoover Commission Report. These features are:**

- Office Business Machines**
- Regulations Control**
- Forms Management**
- Correspondence Management**
- Reports Management**
- Vital Materials**
- Microfilming**
- Records Systems**
- File Equipment**
- Supplies Standardization and Utilization**
- Records Disposition**

Except for the Records Disposition feature delineated below, savings from this program have been widespread but intangible, i. e., less paper, better systems, more efficiency, etc. However, the Records Disposition Program has produced tangible and substantial savings as follows:

As of 31 December 1956, the Agency has removed from active Headquarters file space to an inactive removed area a cumulative total of 39,708 cu. ft. of records. Of these, 7,314 cu. ft. have been destroyed. Besides space savings and clerical time consumption at Headquarters, the greatest tangible saving here is the elimination of need for purchasing safe cabinets to house these records at Headquarters. These total cubic feet would have required the purchase of an equivalent of 4,963 four-drawer safe cabinets or \$1,766,902.

This saving is exclusive of that arising from records destroyed by the offices in progressive initial attack on the problem. A recent sample of a few offices only indicate the initial destruction of approximately 1,200 cu. ft. of records.

2. Re personnel and Civil Service.

The Agency has already in effect particular programs to meet the same objectives as the Commission. These are in the fields of training, executive selection and development, position classification, and performance evaluation. For the most part, we found little explicit reference to groups of positions excepted by statute as are all positions in the Agency.

3. Re legal services and procedures.

Recommendation No. 1:

Review by Congress of Justification for Agency Legal Staffs.

Comment:

Not applicable to CIA. Because of knowledge of operations and functions required, CIA could not use legal services of the Department of Justice. This Agency must have its own legal staff.

Recommendation No. 2:

The Department of Justice be Recognized as the Chief Law Office of the Government.

Comment:

CIA complies with this recommendation.

Recommendation No. 3:

Congress Create a Procedure Permitting any Department, Agency or Regulatory Body to Refer Differences of Legal Interpretation to the Attorney General.

Comment:

CIA agrees with the intent although no Congressional action is believed necessary.

Recommendation No. 4:

The Legal Staff of Each Department or Agency be Integrated Under a General Counsel.

Comment:

CIA complies with this recommendation.

Recommendation Nos. 5 through 10:

Not applicable to CIA.

Recommendation Nos. 11 and 12:

Establishment of a Legal Career Service for all Civilian Attorneys Under the Department of Justice.

Comment:

Agreed in regard to lower level attorneys. The Agency head should have authority to retain or dismiss his top legal advisor.

Recommendation No. 13:

Establishment of an Attorney Classification Act.

Comment:

Attorney's salaries should be consistent with those of other equivalent positions in the Agency. The nature of the work and recognition accorded are more important than salaries in retaining qualified attorneys.

Recommendation No. 14:

Tenure of Attorneys Under a Legal Career Service.

Comment:

Agreed in regard to lower - level attorneys. The Agency head should have authority to retain or dismiss his top legal advisor.

Recommendation No. 15:

Veterans' Appeals to Office of Legal Services and Procedure.

Comment:

Agree with principle.

Recommendation No. 16:

Repeal of Performance Rating Act.

Comment:

Not applicable to CIA.

Recommendation No. 17:

Limitation on Outside Legal Practice of Government Attorneys.

Comment:

Complied with by CIA.

Recommendation Nos. 19 through 52:

Not applicable to CIA.

4. Re food and clothing.

Not applicable to CIA.

5. Re use and disposal of Federal surplus property:

Recommendation No. 1:

Not applicable to CIA.

Recommendation No. 2:

Completion and Use of Federal Catalog Program.

Comment:

Agreed. CIA is completing catalog program incorporating the procedures and principles of the Federal Catalog Program.

Recommendation No. 3:

Training and Qualification of Personnel Engaged in Property Management.

Comment:

Complied with under the Agency career service program.

Recommendation No. 4:

Revision of Federal Property and Administrative Services Act of 1949.

Comment:

Agree with intent. Security requirements may necessitate some exceptions in CIA implementation.

Recommendation Nos. 5 and 6:

Not applicable to CIA.

Recommendation No. 7:

Bureau of the Budget Review Reimbursement and Processing Procedures in Regard to Transfer of Excess Property.

Comment:

Agree with recommendation.

Recommendation Nos. 8 through 11:

Not applicable to CIA.

Recommendation No. 12:

Departments and Agencies Authorized to Dispose of Surplus Property Encourage Competition Among Potential Buyers.

Comment:

Recommendation being complied with.

Recommendation Nos. 13 through 17:

Not applicable to CIA.

Recommendation No. 18:

Reports to Congress by Agencies Owning Overseas Excess Property.

Comment:

There are security problems which would preclude full implementation in a published report. However classified reports could be provided to appropriate Committees and/or Members of Congress.

Recommendation No. 19:

President and Congress Take Action Regarding Utilization of Excess Property in Foreign Aid.

Comment:

Agree with principle. Principle being implemented.

Recommendation Nos. 20 through 23:

Not applicable to CIA.

6. Re printing.

Recommendation Nos. 1 through 22:

Not applicable to CIA.

7. Re depot utilization - in warehousing and storage.

Compliance in published reports with the few applicable recommendations would present security problems. Reporting on a classified basis could be accomplished.

8. Re research and development.

Not applicable to CIA.

9. Re water resources and power.

Not applicable to CIA.

10. Re budget and accounting.

Recommendation No. 1:

Representatives of the Bureau of the Budget be Placed Within CIA.

Comment:

The Bureau of the Budget now has working closely with CIA some of its own specially cleared personnel who have access to pertinent CIA materials in the U.S. and overseas. This arrangement appears to be satisfactory to the Bureau of the Budget which has not asked to have its personnel actually employed within CIA.

Recommendation No. 2:

Report to the Bureau of the Budget on Agency Operations for Inclusion in Annual Report to the President.

Comment:

Unclassified reporting of this nature would present very serious security problems. CIA now reports directly to the President on a classified basis.

Recommendation Nos. 3, 6, 7, and 14:

Cost and Accrued Expenditure Budgeting.

Comment:

CIA has constructed a program responsive to these recommendations and has submitted a progress report to the Bureau of the Budget.

Recommendation Nos. 4 and 5:

Adoption of Program Budgeting.

Comment:

Complied with by CIA.

Recommendation No. 11:

Establishment of Position of Comptroller Responsible for Agency Accounting and Budgeting.

Comment:

Complied with by CIA.

Recommendation No. 12:

Bureau of the Budget be Responsible in Part for Selection of Agency Comptroller and for Building a Competent Accounting Organization.

Comment:

While this presents certain security difficulties, they do not appear to be insoluble. However we believe the Bureau of the Budget is entirely satisfied with the CIA Comptroller and Accounting Organization by virtue of the Bureau-CIA close working relationship and the Bureau's resultant knowledge.

Recommendation No. 13:

Financing all Operating Units from a Single Allotment Account for Each Appropriation.

Comment:

Now in process of implementation.

Recommendation No. 16:

Installation of Monetary Property Accounting as Part of Accounting System.

Comment:

Policy adopted by CIA and will be implemented.

Recommendation Nos. 17 and 18:

Settlement of Obligations of Prior Fiscal Years.

Comment:

Complied with under P. L. 798.

Recommendation No. 19:

Granting Authority to Comptroller General to Relieve Accountable Officers of Financial Liability.

Comment:

Agree with the principle.

Recommendation Nos. 8, 9, 10, 15, 20, 21, 22, 23, 24, and 25:

Not applicable to CIA.

11. Re real property management.

Recommendation Nos. 1 and 2:

Not applicable to CIA.

Recommendation No. 3:

Establishment of Federal Standards Governing Real Property Management.

Comment:

Agree with recommendation, except part (C) involving inspection. Unless handled on a classified basis this would give rise to serious security problems.

Recommendation No. 4:

Not applicable to CIA.

Recommendation No. 5:

President Direct General Services Administrator to Establish a System for Agency Reporting on Real Property.

Comment:

Agree with parts (a) 2 and 3 and (C). Other parts give rise to security considerations which would necessitate highly classified handling.

Recommendation No. 6:

Not applicable to CIA.

Recommendation No. 7:

Funds for Operation and Maintenance of Public Building be Appropriated to General Services Administration.

Comment:

This would create for CIA very decided physical and personnel security problems.

Recommendation Nos. 8 through 10:

Not applicable.

12. Part II on paper work (reports required from the public).

Not applicable to CIA.

13. Re lending agencies.

Not applicable to CIA.

14. Re medical services.

Recommendation No. 1:

The President Appoint Federal Advisory Council of Health which will Depend Upon Other Agencies for Information to Review Federal Health Programs.

Comment:

Agree. Such a Council will improve coordination and eliminate duplication. However, security consideration might prevent active CIA participation.

Recommendation Nos. 2 through 15:

Not applicable to CIA.

Recommendation No. 16 a:

Not applicable to CIA.

Recommendation No. 16 b.

Civilian Federal Government Employees Receive Care in Non-Federal Hospitals at Expense of Department of Labor.

Comment:

Agree. CIA will benefit by a system of federal hospitals to which non-federal hospitals are an adjunct.

Recommendation Nos. 17 through 19:

Not applicable to CIA.

Recommendation No. 20:

The Executive Branch Develop a Voluntary Contributory Program of Medical Care and Hospital Insurance for all Civilian Employees.

Comment:

Agree. Such a program should include family coverage as well.

Recommendation Nos. 21 through 25:

Not applicable to CIA.

Recommendation No. 26:

The Federal Government, In Planning Assignment of Responsibilities During and After an Attack on the United States also Consider Delegation of Authority for Medical Care.

Comment:

For security reasons, CIA must maintain its own medical program and staff. However, advance emergency and wartime mobilization plans have been developed and CIA has developed plans for the integration of its medical personnel with Defense Department.

Recommendation No. 27:

The Proposed Federal Advisory Council of Health Examines Means of Establishing Cooperative Planning Among Federal Agencies Provided Psychiatric Care.

Comment:

Agreed and complied with. CIA makes extensive use of psychiatric personnel detailed from Public Health Service. The Agency enters into cooperative planning of psychiatric care with other Agencies to the extent permitted by security considerations. CIA provides extensive training for psychiatrists.

Recommendation No. 28:

The President's Advisor on Personnel Review Personnel Systems of Federal Agencies Using Health Personnel in Order to Make Them More Uniform.

Comment:

Any review of CIA personnel systems would of necessity require handling on a classified basis. However, this Agency makes extensive use of cross-assignment of medical personnel from Defense Department and Public Health Service.

Recommendation No. 29:

If Federal Advisory Council of Health is not Created, the President Assign Proposed Functions to Other Agencies.

Comment:

Not applicable to CIA.