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LOGISTICS DIVISION

ARMED FORCES SECURITY AGENCY

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PROBLEM AREAS IN THE PROCUREMENT OF CRYPTOLOGIC EQUIPMENTS

I. GENERAL

1. There are several problem areas in the procurement of cryptologic equipments for use by AFSA and the Services. These result from disagreements between AFSA and the Navy in numerous cases and AFSA and the Air Force in a single case. Insofar as AFSA is concerned there have been no problems due to disagreement with the Army.

2. There are few cases in writing which indicate that an attempt has been made to resolve such problems. However, numerous conferences have been held between representatives of AFSA and the Navy to resolve such problems but the results of such conferences have been unsatisfactory. The Chief, Logistics Division knows of no attempt to resolve the single procurement problem in connection with the Air Force.

II. POLICY

3. A policy was established by AFSAC: 25/28 dated 10 May 1950, revised 13 July 1950, for the centralized procurement of cryptologic equipment (~~TAB A~~). This policy as finally approved was a compromise solution and time has proven it to be inadequate.

4. AFSAC: 25/28 (Revised) emphasizes that procurement of identical items should be centralized in the interest of economy and efficiency.

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Further, AFSA should consolidate the procurement requirements of the Services for those items of special equipment over which AFSA has research and development cognizance, and request the appropriate Service to undertake procurement of the consolidated requirements. AFSA is in complete agreement with these principles, and they should be followed as a basis for all other procurement policy.

5. Attempts have been made to implement these policies by forwarding letters of instructions to the Services outlining procedures to be followed in the procurement of equipment over which AFSA has research and development cognizance. Specifically, these letters which cover the subjects outlined below have been dispatched to the Services and have either been ignored or have been interpreted in accordance with Service thinking.

   a. AFSA serial: 0389 of 29 June 1951 which outlined a procedure for the procurement of crypto-equipment spare parts. ~~(TAB B)~~

   b. AFSA serial: 0655 of 23 November 1951 which pointed out that BuShips was not conforming to the established procedure and requested that in the future the procedure be strictly adhered to. ~~(TAB C)~~

   c. AFSA serial: 00556 of 21 October 1950 which outlined the procedure for the procurement and distribution of AFSA developed special intercept equipment. ~~(TAB D)~~

   d. AFSA serial: 000264 of 21 December 1951 which unofficially outlined to the AFSA Liaison Officer of the Munitions Board

specific problems involved in the procurement of cryptologic equipments and recommended the assignment to AFSA of single department procurement responsibilities for cryptologic equipments. Inclosure 2 of this paper discusses independent procurement actions by the Services and demonstrates that a saving in money would have resulted if the procurement responsibilities of AFSA would had been recognized. ~~(TAB E)~~

e. AFSA serial: 0716 of 29 December 1951 which is a Memorandum for the Assistant Secretary of the Navy requesting direct technical control of contracts executed by BuShips for the Armed Forces Security Agency. The reply which is inclosed from the Assistant Secretary of the Navy did not grant the contract representation requested by the Director, AFSA nor give an effective solution to this problem. ~~(TAB F)~~

III. SUMMARY

6. The major problem areas between AFSA and the Services in connection with procurement are generally:

a. That the Navy insists on procuring, without reference to AFSA, cryptologic equipment under the research and development cognizance of AFSA.

b. The lack of a clear definition of cryptologic auxillary equipment that should be procured through AFSA by the Services.

c. Whereas the Signal Corps, U.S.Army, allows AFSA engineers to exercise complete technical control over AFSA contracts being administered by that Service, the Bureau of Ships, Department of Navy, does not allow such control nor any other effective representation.

7. Until these problem areas can be resolved AFSA cannot carry out its procurement responsibilities to the best interest of the Government resulting in lower efficiency of the cryptologic activities of the Armed Services.