

SECRET

CAO 2-177

SEP 14 1955

MEMORANDUM FOR: Chief, SR Division

SUBJECT : Report of Audit - Project AEMARSH for the
Period 22 March 1954 - 31 May 1955

1. Attached is a copy of referenced audit report which is forwarded for your information.

2. This office is pleased to note that there is no administrative action required by your division on this project.

[-----]

Special Support Assistant
to the
Deputy Director (Support)

Attachment

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3020
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

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CA 0 2 - 113

8 September 1955

MEMORANDUM FOR: Special Support Assistant to the
Deputy Director (Support)

SUBJECT : Report of Audit of Project AEMARSH
22 March 1954 - 31 May 1955

Three copies of the subject report are attached for your
consideration. If you have any comments or questions concern-
ing the report, we should appreciate receiving them.

△ □
Chief, Audit Staff

Attachments

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CAO 2-113a

REPORT OF AUDIT
OF
PROPRIETARY PROJECT AEMARSH
FOR THE PERIOD
22 MARCH 1954 - 31 MAY 1955

1. This report covers the audit of Project AEMARSH from 22 March 1954, date of first advance, through 31 May 1955. The purpose of the project is to utilize all possible existing legal means to penetrate the target area in the gathering of intelligence.

2. The administrative plan for the project provides for the formation of a nonprofit membership corporation (AEMETHOD) to serve as a funding mechanism for furnishing financial support to the cover facility (AEMINK) and as a backstop for its cover activities. The corporation was not established. It is our understanding that a revised administrative plan which is in process makes no provision for the formation of a funding corporation. Funds for the cover facility are advanced through the project case officer.

3. During the audit period the Agency advanced \$[] to the project case officer, of which \$[] was transferred to the cover facility and \$[] retained by the case officer for payment of project costs. Of the total advanced, \$[] was expended for project costs (\$[] by the cover facility and \$[] by the case officer), \$[] returned to the Agency, and \$[] remained as the Agency investment on 31 May 1955. Further details are shown in Exhibit A - Statement of Source and Use of Funds. Additional project costs incurred directly by Headquarters and recorded through 31 May 1955 amounted to \$[] consisting of \$[] for salaries, \$[] for property issued to equip a local office for the case officer, and \$[] for other costs.

4. The audit was made at Headquarters and consisted of (a) an examination of documentation in support of expenditures, (b) a verification of the cash balance, (c) a reconciliation of the Agency investment as shown in Exhibit A with the balance in the project investment account on Agency records as of 31 May 1955, and (d) a review to determine whether the provisions of the project administrative plan had been complied with.

5. There were no exceptions requiring administrative action.

Date of Report: 2 September 1955

Proprietary Project AEMARSH

Statement of Source and Use of Funds
22 March 1954 - 31 May 1955Source of Funds

	<u>Total</u>	<u>Cover Facility (AEMINX)</u>	<u>Project Case Officer</u>
Advances by Agency ^{a/}	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>
Total funds to be accounted for .	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>

Use of Funds

Project costs			
Printing expense	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>	- <u> </u> <u> </u>
Travel and entertainment	<u> </u> <u> </u>	- <u> </u> <u> </u>	\$ <u> </u> <u> </u>
Total cost	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>
Returned to Agency	<u> </u> <u> </u>	- <u> </u> <u> </u>	<u> </u> <u> </u>
Agency investment at 31 May 1955			
Cash	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>
Fixed assets	<u> </u> <u> </u>	<u> </u> <u> </u>	- <u> </u> <u> </u>
Total investment	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>
Total funds accounted for	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>

^{a/} Advances were made by the Agency to the project case officer who in turn advanced funds to the cover facility.