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5 September 1956

MEMORANDUM FOR: Chief, SR Division

SUBJECT : Report of Audit - Project AEMARSH

1. There is attached for your information a copy of subject report for the period 1 June 1955 through 31 May 1956.

2. No Headquarters action is required in connection with this Report of Audit.

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Acting SSA(Comptroller)

Attachment

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CENTRAL INTELLIGENCE AGENCY
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002.7278

REPORT OF AUDIT
OF
PROJECT AEMARSH
FOR THE PERIOD
1 JUNE 1955 - 31 MAY 1956

1. This report covers the audit of Project AEMARSH for the period 1 June 1955 to 31 May 1956. 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 project administrative plan, approved 3 December 1953, provides for the formation of a funding mechanism (AEMETHOD) to support the cover facility (AEMINX), the subsidy phase of the project. The funding mechanism was not established. A representative of the Project Administrative Planning Staff informed this office that a revised plan will be written and will eliminate those provisions relating to the formation and control of the funding mechanism.

3. During the audit period the Agency advanced \$ [redacted] to the project case officer, all of which was transferred to the project cover facility, AEMINX. This amount when added to the balance on hand of \$ [redacted] at 31 May 1955 (prior report) gave a total of \$ [redacted] to be accounted for. Of the total to be accounted for \$ [redacted] was disbursed for project costs leaving a balance of \$ [redacted] (cash of \$ [redacted] and fixed assets of \$ [redacted]) as the Agency investment on 31 May 1956. Additional project costs recorded on Headquarters records during the audit period amounted to \$ [redacted] consisting of \$ [redacted] for salaries, \$ [redacted] for other operational expenses, \$ [redacted] for travel, and \$ [redacted] for other costs.

4. The audit was made at Headquarters and included an examination of bank statements and cancelled checks, a verification of the cash balances, and a review to determine whether the provisions of the project administrative plan had been complied with. The Agency investment of \$ [redacted] on 31 May 1956 was reconciled with the project investment account on Agency records.

5. No exceptions requiring administrative action were noted.

Headquarters Audit Division

Date of Report: 16 August 1956

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