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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON 25, D. C.

CIVIL ACCOUNTING AND AUDITING DIVISION

June 21, 1961

MEMORANDUM TO THE FILES

A. T. Samuelson, Director, CAAD, and E. L. Pahl met with Central Intelligence Agency Support officials at 2:30 p.m. on June 13, 1961, for the purpose of discussing further reviews of CIA activities by the General Accounting Office. Colonel L. K. White, Deputy Director (Support), and [redacted], Deputy Comptroller, represented CIA in the meeting. The following summarizes the matters discussed. 25X1A

Colonel White advised that the letter from the Director of Central Intelligence to the Comptroller General, dated June 7, 1961, did not contemplate any preliminary meetings between officials of CIA, GAO, and the Kilday Subcommittee. It did contemplate, however, that CIA would be available for any meetings with GAO officials that would be helpful in fully developing any audit matters prior to the further consideration by the Subcommittee of the GAO limited audit of CIA activities.

Mr. Samuelson stated that our plans for further reviews of CIA activities have not been finalized, but we presently plan to continue reviews of Intelligence Component activities with the staff presently assigned. We do not presently plan to undertake reviews of Support activities, because the limitations on our work there do not permit effective evaluations of these activities.

Colonel White suggested that we might want to consider reviews of the Offices of Research and Reports (ORR), Scientific Intelligence (OSI), and Current Intelligence (OCI), in our plans. He indicated that there should be no access problems in the review of ORR activities. In OSI, and OCI, however, he stated that there might be some areas where we would have access problems, but that, in his opinion, these problems should not preclude us from making effective reviews and evaluations. Mr. Pahl stated that ORR was under consideration for review as a logical follow through of our reviews of the Office of Operations and the Office of Central Reference. He stated also that we have been considering a review of OSI, because of the substantial expenditures by OSI under vouchered funds research and development contracts, in fiscal year 1960, but that fiscal year 1961 expenditures by OSI for contractual services has been relatively small. Colonel White stated OSI had entered into vouchered funds research and development contracts prior to fiscal year 1961 that led into very sensitive covert activities. Subsequent to the change

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of scope of the GAO audit of CIA activities, however, OCI has classified such contracts for financing from unvouchered funds. Colonel White further stated that where such contracts involved covert operations, GAO would not be permitted to go behind the financial and contractual documents regardless of funds classifications.

Colonel White suggested also, that we might want to consider the review of transactions paid from vouchered funds that are chargeable to confidential funds allotments (137 account transactions). Mr. Samuelson, advised that we had this under consideration, but that such an audit would be limited to a compliance review, because we would be precluded from a review of the related operations and, therefore, would not lead to the evaluation of the effectiveness, efficiency, or economy of the operations involved.

Colonel White stated that he could not change the ground rules limiting our audit of CIA activities, but that he would welcome any suggestions from us concerning areas where it appeared that agency personnel or methods did not appear to permit the access contemplated under the limitations established by the Director of Central Intelligence.

Mr. Samuelson stated that although the limitations on our work generally precluded us from making effective evaluations of CIA activities, we were not suggesting that CIA change its organizations or methods in order to permit audits to be performed.

E. L. Pahl
Supervisory Accountant

original w/ATS for
his personal safe file
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