

1/5/60

On January 5, 1960, E. L. Pahl, CAAD, met with representatives of the Comptroller's Office, CIA to discuss plans for our limited comprehensive audit of CIA. E. R. Saunders, Comptroller, CIA, was absent on leave and was not expected to return before next week, and Mr. Pahl therefore met with [redacted], Deputy Controller.

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Mr. Pahl advised that he was now free from his other audit responsibilities and that he and Mr. Williams were in a position to devote all their time to the comprehensive audit of CIA.

Based upon the discussions, it appears that GAO and the CIA Comptroller's shop are not in agreement as to the extent of the comprehensive audit of CIA. [redacted] stated that Mr. White, Deputy Director for Support, had established the guideline that the "covered side of the house" would not be subject to GAO audit. To CIA this has a special meaning, which, according to [redacted] means that the entire covertment compartment is closed to GAO. For example, [redacted] stated that since the Finance Division was on the covert side of the house, it was his understanding that GAO would not be given access to the agency regulations setting forth the practices and procedures of the Division, the accounting manuals and charts of accounts of the Division. He suggested that although we would not be permitted to review the covert Finance Division, access to the other organizational entities within the Comptroller's Office would be possible with certain limitations.

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[redacted] suggested that GAO consider making their initial comprehensive audit of the Fiscal Division which is essentially an unencumbered operation, including a review of the General Ledger and charts of accounts of the Division.

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Mr. Pahl advised that his understanding of the audit access to be granted to GAO differed significantly from that stated by [REDACTED] 25X1A in that ^{Pahl} he understood the agreement granted GAO access to, for example, to the manuals, regulations, chart of accounts, and accounting manuals pertaining to the activities of the Finance Division, but that we would not be permitted access to the unvouchered expenditures themselves.

Mr. Pahl advised further that he had intended to make the initial surveys of the Finance Division with emphasis on the internal CIA review mechanisms, such as internal audits, inspections, and any other internal reviews of the Finance Division.

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[REDACTED] concluded with a request for examples of what we might want to access to in Finance Division. Pahl advised that he would need access to the manuals, regulations and other written material setting forth the policies, procedures and practices under which the Division operates, the organizational structure of the Division, and ~~the system of internal controls.~~

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It was agreed that GAO would hold up on its audit of the Finance Division until [REDACTED] had had an opportunity to check his signals with D/S. [REDACTED] later advised that he had discussed the matter with Mr. White and that Mr. White had agreed with the concept that GAO would not have access to such a covert compartment as the Finance Division, but that [REDACTED] and White are to meet at 1:00 p.m. tomorrow (Wednesday, January 6, 1960) to fully explore the matter, and that Pahl would be advised of the outcome of the matter sometime that afternoon.

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At the close of the meeting Pahl gave [REDACTED] one copy of each of the following forms.

1. Personal History Statements
2. Appendix No. 1, to the Personal History, ~~History~~ Statement, and
3. Report of Medical History

to complete his record with CIA for security purposes only.



E. L. Pahl

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