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July 23, 1959

MEMORANDUM FOR THE FILES

At 2:30 today, in response to a telephone call from him, met with Col. L. K. White, Deputy Director for Support, Central Intelligence Agency.

Col. White opened the discussion with the comment that the correspondence on expanding the audit at Central Intelligence Agency between the General Accounting Office and Chairman Kilday, Subcommittee on Central Intelligence Agency, House Armed Services Committee, had been made available to Central Intelligence Agency representatives and that he would like me to tell him what kind of audit GAO would propose to make at the Central Intelligence Agency. He was told that we did not know too much about the organization, policies and practices of the Central Intelligence Agency and therefore we could not describe specifically what we could or would want to do at CIA. There was described to him the general objectives and some of the specifics of a comprehensive audit in a governmental agency and that on the basis of what we knew about CIA we would want to review its organization and its policies and practices in administering its mission encompassing both its vouchered and unvouchered expenditures, giving particular attention to an evaluation and appraisal of its own internal review or inspection mechanisms. As to the specifics, it would be necessary first for us to make a preliminary survey and to get some general information on its organization, policies and practices.

Col. White replied that so far as the part of their operation encompassed by the vouchered expenditures, the CIA would not have any objection to any kind of an audit that GAO would want to make or the Subcommittee on Central Intelligence Agency would want GAO to make. However, as to the operations at and below the project level for the confidential or unvouchered expenditures, he did not believe that complete access would be afforded us. He described certain of the projects as being so sensitive and so confidential that only the Director, the Deputy Director in charge of the sector, and the agent involved would have any knowledge about it and that in some cases large amounts of money would be paid out without any evidence of benefit whatsoever. As to that type of projects, the Director would perhaps deny all contact or access. On the other hand, there were projects on which the particulars could be made available to us even though payments were made from confidential funds. In this connection Col. White stated that certain projects may be financed from both the unvouchered and vouchered funds.

Col. White raised the question on our reporting objectives and he was informed that so far as the Senate and House Armed Services Committees on Central Intelligence Agency were concerned if we were called before an Executive Hearing we would answer all questions to the best of our knowledge

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Review of this document by CIA has determined that

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interest that must remain classified at TS

Authority: HR 70-2

- It contains nothing of CIA interest
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and to the best of our ability. As to formal reporting, we would be bound by whatever classification they put on our reports and we would be bound also by any distribution limitations that they would put on it. This reply seemed to satisfy Col. White but there was some evidence of reservation on what we would do if other congressional committees or individual congressmen asked information from us on CIA. He was told, however, that we would be bound by the Agency's security regulations.

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With respect to project accounting, Col. White suggested that Mr. Campbell and I come down for about a two-hour briefing sometime next week in which Mr. Saunders, Controller, Mr. Houston, General Counsel, and [REDACTED] Chief of Internal Audit, would attend. In addition, deputy directors would come in and discuss with us the nature of their projects and how they function and are accounted for. Col. White suggested 2:00 o'clock on Thursday, next week, and that this meeting be limited at this time to Mr. Campbell and me. He was told that the matter would be discussed with Mr. Campbell upon my return to the office and that he would be advised whether or not we could attend and the time was satisfactory.

Col. White gave every indication that the Agency would cooperate wholeheartedly in whatever audit we wanted to make subject to matters indicated above and made particular reference that every Director of CIA since Admiral Hillenkoetter had had an attitude toward Government funds under their control for conformance with all Government regulations and laws.

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Following the meeting with Col. White, met briefly with Mr. Saunders, the Controller, and with [REDACTED] Chief Technical Accounting Staff, relative to the question raised by our New York Regional Office in the audit of the special advance accounts at GSA. Mr. Saunders stated that New York could be advised that these accounts could be classified as civilian but they should not be identified to our auditors with CIA.

A. T. Samuelson

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