

~~CONFIDENTIAL~~

08 FEB 1961

MEMORANDUM FOR: Mr. Eugene L. Pahl

SUBJECT : General Accounting Office Draft of First Portion of Report on Review of Selected Activities of the Central Intelligence Agency

REFERENCE : Memo dtd 11 Jan 61 to DD/S fr Mr. Eugene L. Pahl, transmitting two copies of the subject report

1. In the referenced memorandum you requested that Colonel White provide you with: (a) comments on the material presented in the draft report, (b) a determination of the security classification to be placed on your letter and the report, and (c) limitations on the distribution of the final report.

2. Colonel White received your memorandum and the attached reports just prior to his departure for a trip to the Far East area and was not able to complete a detailed review of the material. However, his immediate reaction on scanning the report was that it fails to acknowledge in any way the various steps which have been taken to place the GAO audit team in a position to do a comprehensive audit of the overt activities of the Agency. Instead, the report makes repeated assertions that the GAO auditors have less access now than they did before we attempted to expand their activities in the Agency. Under the prior audit arrangement, the GAO auditors had access only to the vouchers and related documentation, which were available in the Fiscal Division, whereas under the present arrangement they are provided free access to any Support or Intelligence component, with the single exception of PIC, to perform comprehensive audits of overt activities and transactions.

3. With regard to the security classification to be applied to the report, the CONFIDENTIAL classification should be used. Agency policy in this regard requires that a document bear only one over-all classification, notwithstanding that pages, paragraphs, sections, or components thereof bear different classifications or no classification. Your 11 January 1961 letter should be classified CONFIDENTIAL when it is accompanied by the report but could be unclassified when the report is not attached.

4. With regard to the limitations on the distribution of the final report, we would not object to the distribution plan outlined in your 11 January 1961 letter.



H. Gates Lloyd
Acting Deputy Director

FOIAb3b

DOC	6	REV DATE	24-3-81	BY	006199
ORIG COMP		OPI	38	TYPE	01
ORIG CLASS	C	PAGES	6	REV CLASS	C
JUST	22	NEXT REV	207	AUTH	RR