

~~SECRET~~ CONFIDENTIAL *BF-1039*

Chief, Technical Accounting Staff

23 February 1955

Chief, Program Analysis Staff ✓

Return of SSU Reserve Balance to U.S. Treasury

REFERENCE: Memorandum for Comptroller from DCI dated 2 February 1955

1. The memorandum referred to above authorizes the Comptroller to return the balance of SSU Reserve to the U.S. Treasury at such time as the Comptroller deems appropriate.

2. It has come to the attention of this office that at the time the assets of SSU were taken over by CIG and later CIA, the established dollar equivalent of these assets was \$4,427,002.07. However, only \$219,219.06 was in green dollars. Other assets included such items as \$145,331.41 in advances, \$2,211,996.30 in Foreign Currencies of which \$2,076,631.04 was reported as being overseas, \$1,522,443.00 in gold of which \$651,270.36 was reported as being overseas, \$313,946.69 in dollar instruments and \$14,945.61 in precious stones and jewelry. (The \$14,945.61 in precious stones and jewelry are now being carried on the Agency's books at \$18,460.00 as Special Commodity Assets - Exhibit "B" to memorandum for the record dated 17 February 1955.)

3. All of the items referred to above were commingled with CIG and CIA regular funds, and it cannot be determined whether a cash count was ever made of the book assets acquired from SSU.

4. As far as we have been able to determine cash funds as reported on the Finance Division books have never been reconciled. Therefore, we believe that it would be prudent to establish a procedure for the reconciliation of Finance Division cash and actually reconcile this cash account before any settlement is made with the U.S. Treasury on the SSU Reserve.

5. For some time this Staff has been concerned over an inability to reconcile Agency cash from the data available. This has been the subject of several discussions between members of our respective staffs. We realize the difficulties involved, your heavy workload, the shortage of available personnel and the complexity of the problem. Nevertheless, the absence of an established procedure for the reconciliation of cash and our inability to reconcile cash with any degree of certainty make it sufficiently imperative for us to recommend that a procedure for the reconciliation of Finance Division cash be established. 25X1A
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6. Likewise, we believe that a determination should be made as to whether the Agency should continue to hold the items contained in the Special Commodity Assets account now on the Agency's books inasmuch as there has been only a \$280.00 change in the account balance since February 1951 or whether the Agency may wish to return these items in lieu of cash when liquidating the reserve.

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