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10 JUL 1960

The Honorable Joseph Campbell
The Comptroller General of
the United States
Washington 25, D.C.

Dear Mr. Campbell:

Since we had the pleasure of briefing you on 30 July, we have discussed further with Mr. Samuelson how the General Accounting Office's audit of this Agency might be improved. I believe that the General Accounting Office can expand its current audit activities in a considerable portion of the Agency, and in moving forward in this direction I feel that we should reach agreement on certain fundamental aspects.

In the Central Intelligence Agency Act of 1949, the Congress, recognizing some of the unique problems involved in the conduct of intelligence activities, provided broad authorities over the expenditure of and accounting for Agency funds. In particular, Section 8 of that Act (formerly Section 10) provides that expenditures for objects of a confidential, extraordinary, or emergency nature are "to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified." This wording does not contemplate the review of expenditures which the Director certified were made for confidential, extraordinary, or emergency purposes.

While all funds appropriated to the Agency are technically on an "unvouchered" basis, it has been my policy and that of my predecessors to limit the exercise of this special authority to those activities which in the national interest should have the maximum security protection. To the extent possible Agency funds are expended under the other provisions of the Central Intelligence Agency Act and the vouchers for these expenditures are available to the General Accounting Office. This policy has been exercised to such a degree that certain activities, not in themselves sensitive but conducted solely in support of highly

confidential operations, are funded under general authorities without invoking my special authority to make final accounting therefor. A comprehensive audit of the sort now conducted by the General Accounting Office in other agencies, if applied to our so-called vouchered expenditures, would necessarily reach into the confidential operations which they support and which are protected by my special authority under Section 8 of the Act. In these instances, therefore, the comprehensive audit would have to be limited so as to remain outside the area of sensitive security operations.

In view of the statutory background, I trust that you will agree with the position set forth above. If you have any question I would be delighted to discuss the subject with you at your convenience. If we are in agreement on these fundamental principles, I suggest that your representatives continue to explore with my Staff the manner in which the scope of the General Accounting Office's audit of the Agency may be broadened, consistent with the security requirements described above.

Sincerely,

SIGNED

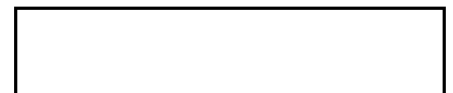
Allen W. Dulles
Director

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Distribution:

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CONCUR:



L. K. White
Deputy Director
(Support)

13 Oct 59

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ER 11-7770/1

28 September 1959

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The Honorable Joseph Campbell
The Comptroller General of
the United States
Washington 25, D. C.

Dear Joe:

Prior to our telephone conversation of the other day, I had drafted a letter to send to you covering the audit question which has been under discussion between your representatives and mine.

I am sending you an unsigned draft of this letter to see whether it meets the situation we have been considering and I would be glad to drop over and see you at your convenience in case there are any points in this letter which are not clear and satisfactory to you. Please give me a call at your convenience.

Faithfully yours,

SIGNED

Allen W. Dulles
Director

- awd/c
- Orig & 1 - Addressee
- 1 - DCI
- 1 - DDCI
- 1 - ER
- 2 - DD/S
- 1 - OGC
- 1 - Comptroller
- 1 - C/Audit Staff

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Ref: 7-4-66
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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

DRAFT

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The Comptroller General of
the United States
Washington 25, D. C.

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Sincerely,

Approved For Release 2003/05/05 : CIA-RDP80B01676R000700210009-5

Allen W. Dulles

Director

MEMORANDUM FOR: Mr. Dulles

I received a telephone call from Mr. Samuelson today indicating that GAO would agree to the fundamental principles outlined in the attached letter to the Comptroller General. When the letter is received they will respond by saying that it is an agreeable basis upon which to start the expanded audit activities. They will add, however, that if after a reasonable trial period they find that this is not a profitable exercise they will request that the matter be reconsidered.

I see no objection, and recommend your signature.



L. K. White

13 Oct 59
(DATE)

cc: DDCI

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

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