

Accounting 3

10 DEC 1975

MEMORANDUM FOR: Chief, Audit Staff

SUBJECT : Audit of the Office of Security
1 April 1974 to 30 June 1975

1. The Office of Security is in substantial agreement with all of the recommendations contained in the Report of Audit of the Office of Security, dated 10 October 1975. Our specific reaction to each of the recommendations and the action taken with respect thereto is as follows:

2. Recommendation: Document discrepancies in Technical Security Division (TSD) property account in accordance with regulations and continue efforts to strengthen inventory controls and procedures.

We concur in this recommendation which is consistent with actions already undertaken by the Office of Security prior to the audit. After a Logistics Officer was assigned to TSD in October 1974, two complete physical inventories were conducted resulting in the identification of 68 discrepancies between the physical inventory and the stock control cards. These differences amounted to an apparent shortage of 166 items with a total dollar value of \$182,231; those facts were reported to the auditors and included in their report. Subsequent to the completion of the audit, our continued efforts to locate and recover equipment charged to TSD has resulted in our recovery of previously missing items with a dollar value of \$40,508, as well as our discovery of overages amounting to \$3,180. The net dollar shortage has thus been reduced from \$182,231 to \$138,543. A Report of Survey designed to accomplish appropriate adjustments to our property records is being submitted to the Headquarters Board of Survey. Steps taken to strengthen TSD inventory controls and procedures are described in detail in the Report of Survey.

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3. Recommendation: Return equipment stored in "the pit" to TSD inventory account and relinquish the space if no longer needed.

Concur. Certainly, as far as the Office of Security is concerned, the equipment stored in "the pit" could be returned to stock and the space which it occupied, BD-2809, could be offered to the Office of Logistics for other use. However, the ultimate decision on removing all vestiges of this capability rests with the Director of Central Intelligence.

4. Recommendation: Require written approval of actions transferring property for disposal.

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When property identified as excess to our needs is transferred to the [REDACTED] the Office of Logistics may decide to return that property to stock, to reissue it to another Agency component, or to dispose of it as either excess or unserviceable. The decision regarding final disposition of such property is made by the Office of Logistics and we are not always aware at the time we transfer the property how it will be used. In addition, property which is either excess to our needs or was acquired by us for operational use by other Agency elements is sometimes transferred directly to Agency components other than the Office of Logistics. All these transactions are documented in accordance with instructions published in [REDACTED]

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We would have no unusual difficulty in providing the signature of an approving officer in addition to the signature of the accountable officer on transfer documents but before such a procedure is implemented by us, we believe that the following points should be clarified:

a. Should an additional approval signature be required on all property transfer documents or only those involving certain types of transactions, as suggested by the audit report?

b. Is the approval requirement appropriate for adoption throughout the

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Agency at the same time it is adopted by the Office of Security?

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c. Should this requirement be incorporated into [REDACTED]

Because we consider the Office of Logistics to be better qualified than the Office of Security to make such determinations, we defer to the Office of Logistics with respect to this recommendation.

5. Recommendation: Reduce firearms inventory to a level consistent with current requirements.

Concur. The Office of Security Headquarters inventory has been reduced from [REDACTED] firearms which will be held for use as follows:

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a. To provide replacement weapons for those issued to the DCI Protective Staff.

b. To provide weapons to selected Office of Security personnel in the event of a national emergency. They will be needed for the protection of classified materials when such material is being transferred to a new location or held temporarily under less than secure conditions.

c. To provide weapons to selected Office of Security personnel in response to requests from another government [REDACTED] to assist the Secret Service in the protection of the President or other dignitaries.

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6. Recommendation: Designate Film Officers to fulfill the responsibilities as discussed above and outlined in [REDACTED]

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Concur. Film Officers have been designated to fulfill the responsibilities outlined in [REDACTED]. The current Central Reference Service (CRS) machine listing of films and video tapes charged to the Office of Security has been reconciled.

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7. Recommendation: Update the current Table of Vehicular Allowances (TVA), including specific information required by regulation, to determine if disposal of low mileage vehicles is warranted.

Concur. The justification for each motor vehicle authorized under our current TVA has now been documented in accordance with the provisions of [REDACTED]. One vehicle has been disposed of without replacement and our TVA has been reduced accordingly. We will continue to review the use of official vehicles to determine whether further changes are warranted.

8. Recommendation: Review the use of POVs by agents and determine if the current policy of full mileage reimbursement in all cases is more cost effective than other alternatives such as government owned vehicles for agents who consistently drive more than 20,000 miles per year.

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We believe that we now have a basically sound system for controlling the assignment of agent personnel but we agree that an analysis of the total mileage traveled by each agent may provide some additional insight into the possible savings. Because we have not in the past accumulated mileage information for individual agents we cannot readily identify those individuals who travel more than 20,000 miles per year, nor were the auditors able to provide us such information from their sampling of records. We have now begun, on a trial basis, to accumulate mileage data for individual agents and plan to make a review during the coming year to determine whether the resulting benefit warrants continuing that practice.

The audit report mentions that mileage claims are reimbursed by the Office of Security at the maximum rate. It is our understanding that FPMR temporary regulation A-11, published by the General Services Administration under PL 94-22, 19 May 1975, specifies that "the reimbursement mileage rate shall be 15 cents per mile for the use of a privately owned automobile" and that the Office of Security has no discretionary authority to reimburse at a lower rate.

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The audit report suggests that consideration be given to the possible use of government owned vehicles by agents who consistently drive more than 20,000 miles per year. We note that Agency policy as set forth in [REDACTED] provides that the use of privately owned vehicles for official purposes in lieu of the assignment to individuals of Agency vehicles is encouraged whenever possible. Although we recognize that Agency policy can be modified where circumstances clearly warrant, we do not believe we have sufficient information at this time to justify our recommending a change. This subject has been discussed with the Chief of the Travel Policy Committee as suggested in the audit report and we are accumulating information which, together with the individual mileage data available to us during the coming year, should provide a basis for determining whether or not some recommendation with respect to the possible use of government owned vehicles is warranted.

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[REDACTED]

Robert W. Gambino
Director of Security

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