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26 FEB 1975

MEMORANDUM FOR: Mr. George L. Cary
Legislative Counsel

SUBJECT : Letter from Acting Comptroller General
to Senator Proxmire dated May 10, 1974

1. In accordance with your request we have reviewed subject letter. While there are phrases and comments that might be misunderstood or thought to apply to the Agency instead of other entities of the Intelligence Community in general, we believe the letter insofar as it reflects past and present GAO/CIA relationships is substantially correct. We have no specific items that would contribute to "setting the record straight".

2. We do have grave concern, however, on the impact to the Agency should it become publicly known that GAO will start auditing the Agency. That concern does not relate to financial audit per se as we feel confident that our "fiscal house" is in order but to the psychological impact of such knowledge on sources, i.e., agents, etc. They have dealt with us in confidence and in many cases have signed secrecy agreements not only binding on them but morally on the Agency as well to preserve the secrecy of their association with the Agency.

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3. The obvious questions thus become:

a. How can we assure our sources protection if outsiders are authorized to become privy to their names and intelligence, material or support provided?

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b. What effect will extensive publicity
about GAO audit of CIA on behalf of and reporting
to Congress and its committee staffs have on
present sources (agents, [REDACTED],
[REDACTED], etc.) and perhaps
even more serious in the long run — on future
recruitments?

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Thomas B. Yale
Director of Finance

cc: A/DDA

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