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April 28, 1978

OLC #78-1784

MEMORANDUM FOR: General Counsel
Legislative Counsel
Deputy Director for Resource Management

FROM : Deputy Director of Central Intelligence

SUBJECT : GAO Audits

1. I met on April 28th with Elmer Staats to discuss GAO audits of the Intelligence Community. After discussion of the AWACS issue, which Elmer insisted was a Pentagon leak, we got down to the fundamental question of GAO access. Elmer made it clear that he did not intend to reraise the question of audits of CIA; he recognized that he had no statutory authority in this area. But he had unlimited statutory authority to make audits of DoD and State, and he intended to use it.

2. I explained to him the problem of allowing too many people access to intelligence information. I noted that our sources, particularly our liaison sources, were nervous about Congressional access. Our intelligence effectiveness would be seriously impaired if the erosion of security continued. I noted that the Director had statutory responsibility to protect sources and methods. That statutory responsibility extended to State and DoD. Elmer challenged this, and I said I would ask our General Counsel to look into it. I would appreciate a report.

3. I proposed that all requests for compartmented information be routed through our two Select Committees. Elmer categorically rejected this and maintained that the Committees would, themselves, agree with him. I said this was open to question.

4. Elmer's alternative was that we review the GAO requests on a case-by-case basis. I said this put the Director and me in the unenviable position of having to say no on a selective basis, and this could lead to fundamental misunderstanding with the GAO. Elmer said he comprehended our concern, but saw no other way. He felt he could not back off his responsibility, particularly since he had had access to compartmented information for a number of years.

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5. Elmer did say, however, that he would agree to certain restrictions on his auditors. For example, he could agree that all reviews of compartmented information documents would be done in place, and no copies made. He could also agree not to circulate written reports to third agencies. Finally, he could agree that each GAO audit in the intelligence area would be reviewed personally by him or his Deputy.

6. We decided to go back to our respective staffs and reexamine the issue. It seems to me that there is merit to examining Elmer's proposals. A case-by-case review is, in fact, our present policy as I understand it. The restrictions Elmer is willing to impose would at least cut down on the number of requests. A flat "No" on all compartmented clearances would represent a policy change, and would lead to a confrontation.

7. Please give me your reactions.

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Frank C. Carlucci

cc: DCI

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