

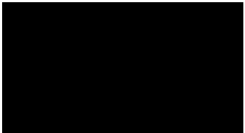
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DIARY NOTES

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DD/S

13 June 1961



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1. [redacted] reported that in conferences with the General Accounting Office it was agreed that GAO would withdraw from their position that we collect the payments which were made to the Department of State for the NIS Program which GAO alleges were incorrectly made. However, GAO declined to withdraw from their position that the payments were, in fact, incorrectly made. H

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2. I reviewed with Ed Saunders and [redacted] their Budget Projections through 1966 and authorized them to transmit a copy to the Bureau of the Budget on an informal basis. I also asked them to draft a memorandum to the Director explaining to him the purpose of the Projection, etc., and to attach a copy of the Projection paper. (At the Deputies' Meeting on 14 June the Director raised this. I assured him that it had been passed to the Bureau of the Budget on an informal basis and that we were not bound, but he seemed to think that our estimates were quite high, which is probably correct. However, he offered no objection to the action which had been taken.)

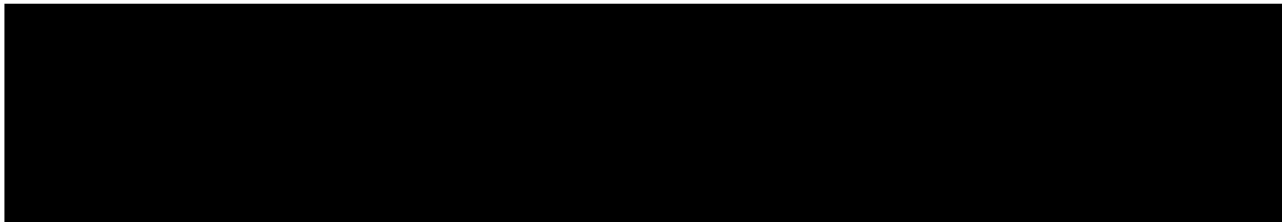
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3. [redacted] was up to present his paper on the Automatic Data Processing Staff. I asked him to leave it with me since I did not have time to read it then. However, I noted among other things that he requests some 5 to 6,000 square feet *of space* in the new building. I told him that I did not know where this was coming from and that this certainly presented a problem of major proportion. H

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25X1A5a1 4. I also talked to [redacted] and Jim Garrison about the Videograph contract with the [redacted] and asked Jim to draft a memorandum which would refer this contract to the ADP Committee for a formal recommendation.

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6. [redacted] and I met with Messrs. Samuelson and Pahl of the General Accounting Office to discuss future GAO activities in the Agency. I explained to Mr. Samuelson that we had no reason to change the ground rules under which we have been working and that we have received no indication from the Kilday Subcommittee that they wanted the ground rules changed. I told him, however, that we wanted to live up to the spirit of these rules and if at any time he had reason to think otherwise I would appreciate his letting me know. Our meeting was friendly and cordial and they are going to start an audit of ORR next week. H

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7. In connection with GAO activities in the Agency, I found later that both ORR and OSI have recently put some contracts on unvouchered funds which have been on vouchered funds for several years and that this action was taken for the sole purpose of keeping them away from GAO. I, therefore, met with [redacted] and representatives of ORR to discuss a typical case. It was clear in this instance that this change was not justified. It is true that the contract is highly classified but we are under no restriction to keep classified information away from the General Accounting Office. The criterion is one of clandestinity and not classification per se. Everyone agreed, including the ORR representatives, that this contract should be changed to a vouchered funds contract. I also directed [redacted] to look at all of the OSI contracts with the same general philosophy to make sure that we could not be charged with hiding under the confidential funds cloak for the sole purpose of avoiding GAO audit.

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8. [redacted] advised me that he had briefed [redacted] on the [redacted] communications problem and that Dick had suggested that he prepare a memorandum to the Director on this subject.

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9. I talked with Larry Houston about setting up a trust fund in the amount of \$750,000 to take care [redacted] At this point (20 June) the Director has approved of this procedure, and this amount has been included in a request for a release from the Contingency Reserve to defray the over-all cost of [redacted] through Fiscal Year 1961. The request has been presented to the Bureau of the Budget and we are awaiting their action.

H

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10. General Cabell telephoned to say that he was not in favor of giving up one of our KY-1 phones so that Mr. Kirkpatrick could have direct and secure communications with Pat Coyne. He, therefore, intended to disapprove of this action.

11. In connection with the "Meritorious Exiles" problem I obtained the Director's approval to use \$426,000 from his Fiscal Year 1961 Special Projects Fund money to pay for the termination and resettlement costs, etc. The IO Division has \$100,000 to add to this, making a total of \$526,000 from which the Free Europe Committee needs can be legally obligated during Fiscal Year 1961.

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