

MEMORANDUM FOR THE FILE

June 5, 1961

Subject: Termination of service agreement under which CIA assumed for National Security Council (NSC) certain accounting and related functions.

At the request of the CIA Comptroller, Messrs Keithline and Williams, GAO, met with the Comptroller and with [redacted], Special Assistant to the Comptroller, at 1:00 PM on June 5, 1961.

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[redacted] stated that a service agreement with the NSC, under which CIA has for a number of years performed certain accounting and disbursing functions with respect to funds appropriated to the NSC, was to be terminated effective June 30, 1961. [redacted] further stated that under a proposed arrangement worked out between CIA and NSC, it was contemplated that NSC would assume full responsibility with respect to accounting for and disbursing funds appropriated to NSC for fiscal year 1962 and subsequent fiscal years, and that CIA would continue to process expenditures and maintain all fiscal documents and records pertaining to fiscal year 1961 and prior fiscal year appropriations of NSC until the appropriations lapsed and the records were disposed of.

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The CIA Comptroller stated that he would prefer to relieve CIA of all responsibility with respect to the NSC funds but that he had certain reservations regarding the administrative feasibility of transferring to NSC at this time full responsibility for both the fiscal year 1962 and the prior year appropriations. He asked, therefore, whether GAO would have any objection to the arrangement proposed by [redacted]

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Messrs Pahl and Keithline, GAO, discussed the arrangement proposed by [redacted] with Mr. S. B. Savage, GAO Accounting and Auditing Policy Staff. He advised that the arrangement appeared to be an administrative rather than a policy matter, since there is no specific realignment of functions pursuant to legislation or executive order, and that an objection by GAO, therefore, would not be pertinent at this time. Mr. Savage stated, however, that the proposed division of responsibility with respect to accounting for fiscal year 1962 and prior year appropriations is not a normal practice and may present certain administrative problems. He suggested, therefore, that CIA be advised to clear the procedure with the Bureau of the Budget if it has not already done so. Mr. Savage also suggested that the matter be discussed with the GAO Program and Review Staff to ascertain whether GAO has been requested to assist the NSC in establishing its accounting system.

In answer to Mr. Keithline's inquiry, Mr. W.N. Howell of the Program and Review Staff stated that assistance had been requested by NSC and that Mr. A. Cromwell, a member of the Program and Review Staff, had been assigned to assist NSC. Mr. Howell stated that as of June 5, 1961, however, Mr. Cromwell has been unsuccessful in obtaining from NSC a definite commitment for a meeting with appropriate NSC personnel.

Document No. \_\_\_\_\_  
 Review of this document by CIA has determined that  
 CIA has no objection to declass  
 It contains information of CIA interest that must remain classified at TS S  
 Authority: HQ 78-2  
 Date: 24-3-81  
 Reviewer: [signature]

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The above information was passed on to [redacted] who stated that he would suggest the CIA Comptroller go forward with the proposed arrangement, with the understanding that NSC could and would assume at some future date the responsibility for processing expenditures and maintaining all fiscal documents and records pertaining to the fiscal year 1961 and prior fiscal year appropriations to NSC.

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S. J. Keithline  
Supervisory Accountant

cc: Director, CAAD, for his  
private classified file

Pahl  
6-6-61

6/7/61  
Review of our files on "Procurement Meetings and Opinions"  
discusses that the NSC accounting system was submitted to  
ASD for approval 10/3/58 and approved by ASD 2/24/59 (RB-115385).  
(see attached). See also B-59998 of 10/7/47, which notes EIA  
administration of NSC financial affairs, and memo dated 2/19/59 from  
McCordy, ASAS, & Smith, CAAD, re review of NSC security  
system.