

CONFIDENTIAL

Approved For Release 2001/09/04 : CIA-RDP80-01240A000100140110-5



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

B-133200

MAY 23 1961

Honorable Carl Vinson, Chairman
Committee on Armed Services
House of Representatives

Dear Mr. Chairman:

We acknowledge your letter dated May 18, 1961, responding to our letter of May 16 to the Honorable Paul J. Kilday, Chairman, Subcommittee on the Central Intelligence Agency, Committee on Armed Services, relating to our reviews at the Central Intelligence Agency.

We are mindful of the interest in our reviews at CIA as expressed by Chairman Kilday and members of his Subcommittee to a representative of our Office at an executive meeting on May 13, 1959. After considering these views we informed Chairman Kilday by letter dated May 29, 1959, that we believed a broader type of audit more in line with our regular comprehensive audit approach was appropriate for our work at CIA. The expanded work would include an examination of vouchered expenditures, and, at the outset, the controls and procedures used in processing expenditures. In addition, we would make an examination of the support for unvouchered expenditures in accordance with such agreement as to access as could be arranged between CIA and our Office. We also stated in this letter that heretofore we had carried out only limited audit work at CIA and that we did not believe such limited work should be continued.

Following several meetings with the Director, Central Intelligence Agency, and members of his staff, we exchanged correspondence in October 1959 which in essence recognized that an audit of Central Intelligence Agency would have to be limited to reviews outside the areas of sensitive security operations on:

- (1) Expenditures certified by the Director under Section 8 of Central Intelligence Act of 1949, as amended.
- (2) Certain activities in support of confidential operations protected by the authority to the Director under Section 8.

Document No. _____
 Review of this document by CIA has determined that

ETO has no objection to declass
 If certain information of CIA
 is to be released, it must remain
 classified TS 1 (S)
 BY TS-2
 DATE 26-3-81 Reviewer 505/99

Approved For Release 2001/09/04 : CIA-RDP80-01240A000100140110-5

CONFIDENTIAL

CONFIDENTIAL

We agreed that to the extent expenditures were certified by the Director as being of a confidential, extraordinary, or emergency nature, such expenditures were not subject to examination by the General Accounting Office without the concurrence of the Director. Nonetheless, we were willing to broaden our activities at CIA within the principles laid down by the Director in his letter of October 16, 1959, but we stated in our reply dated October 21, 1959, that in the event it appeared after a trial period our reviews were limited to such an extent that we could not effectively and constructively accomplish any worthwhile objectives we would consider whether or not the audit should be continued.

During the ensuing 18 months we undertook to make reviews of selected overt activities as access to the covert activities was not made available to us. In this connection, access to the activities of the Support Component in which we could be expected to be most effective in our reviews was significantly limited because covert and overt activities of this component are integrated. We were not able to review sufficiently financial management, property management, procurement, and similar activities for any effective appraisal of the administration of these activities. Our access for a review of the internal audit program and reports was very limited and we had no access whatever to the work of the Inspector General; therefore, we were not able to appraise the internal review mechanisms within the Agency. We have had rather complete access to the activities of the Intelligence Component, but the nature of these activities and the lack of complete access to internal review programs and reports has significantly limited our effectiveness in this area.

In undertaking to broaden our reviews at the Central Intelligence Agency, we recognized that the nature of the activities of this Agency presented problems on sufficient breadth of coverage and review of detail for the purpose of reaching sound conclusions. We made every effort to broaden our review of the activities of the Agency within the limitations which were placed on us, and we wish to assure you our conclusion that we could not effectively accomplish any worthwhile audit objectives at CIA on a continuing basis was reached only after considering all the factors as we saw them. However, having in mind your firm belief that our work should not be discontinued we will continue our limited program.

We note from your letter that Chairman Kilday's Subcommittee will further consider the contents of our letter of May 16, and we shall be prepared to meet with him and the members of his Subcommittee at their convenience.

Sincerely yours,

JOSEPH CAMPBELL
Comptroller General
of the United States

CONFIDENTIAL