

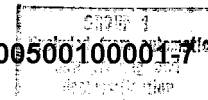
OLC 67-0175

23 AUG 1967

**MEMORANDUM FOR: Director of Central Intelligence**

**SUBJECT: Legislative and Administrative Authority for  
Payment of Travel Expenses, Allowances,  
and Other Fringe Benefits to Agency Employees**

1. This memorandum contains a recommendation submitted for approval by the Director of Central Intelligence. Such recommendation is contained in paragraph 16.
2. Subsequent to the demise of OSS as a legal entity by virtue of Executive Order 9621 in late 1945 and prior to the period when the Agency was established by statute, the procedures for financing the interim activities of the SSU and CIG resulted from agreements by the principal agencies of Government concerned. These included the Bureau of the Budget, War Department, State Department, and the General Accounting Office. Since the funds were hidden in appropriations of other departments, the General Accounting Office approved auditing arrangements while at the same time urging that appropriate law be passed so that the General Accounting Office would have legal standards against which to measure expenses.
3. During this period, as during OSS days, a portion of the funds were so-called unvouchered funds which were accounted for solely by certificate of the Director. However, a goodly portion of the funds were vouchered funds for normal administrative expenses and were subject to audit. Consequently, the General Accounting Office maintained audit of the vouchered funds in much the same fashion as they did for other agencies of the Government. It was for these vouchered funds that the General Accounting Office pressed for a legislative standard.
4. In the proposed bill to establish CIA there was included language which amounted to permanent appropriation language. This provided for the concept of vouchered and unvouchered funds. Provisions

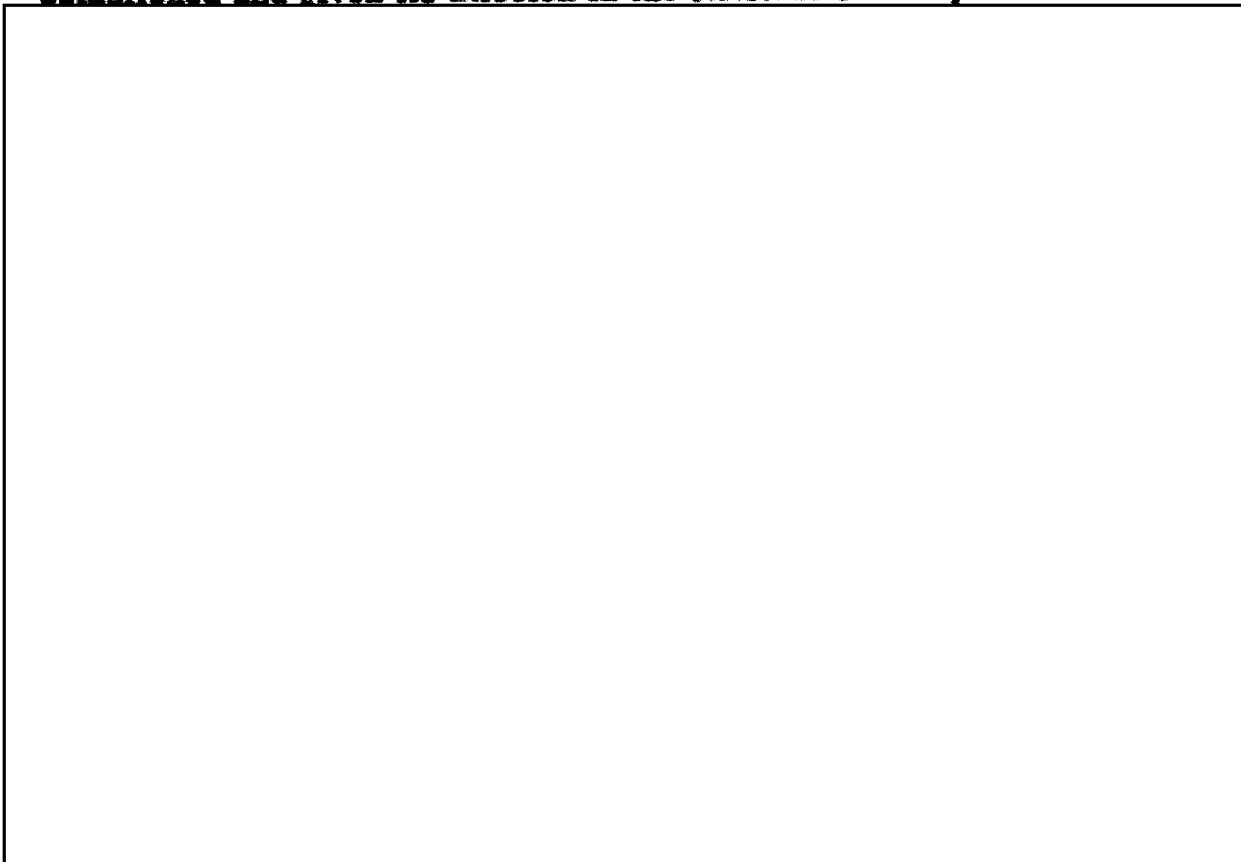


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**were also made for procurement authorities and for travel and overseas allowances for Agency personnel. These specific and detailed authorities were later dropped from the proposed bill and the Agency thereafter was established and given its mission in the National Security Act of 1947.**

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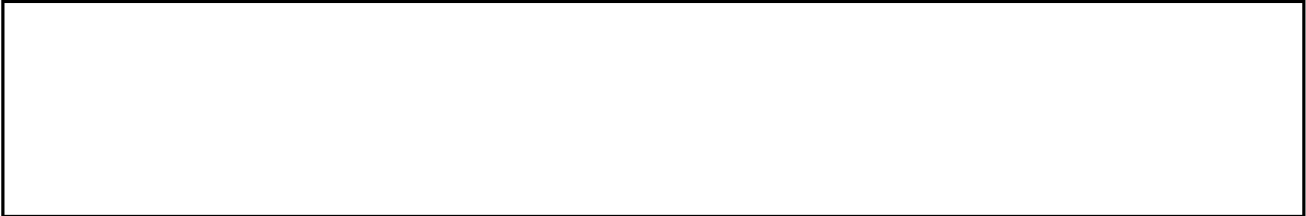


**6. In 1961 the General Accounting Office advised the Congress that it did not believe the existing audit by the General Accounting Office of CIA's vouchered funds was adequate since they were unable to apply the broadened concepts of comprehensive audit which they were applying to other agencies. The Congress requested that the General Accounting Office and the Agency re-examine this problem most carefully to see if some satisfactory solution could be reached within the security requirements of the Agency. Eventually, after thorough review of this, the General Accounting Office reported again to the Congress that it believed that it could not conduct an appropriate comprehensive audit program in the Agency within the security limits set by the Agency and, therefore, they proposed to discontinue all audit. The Congress approved this action in 1962.**

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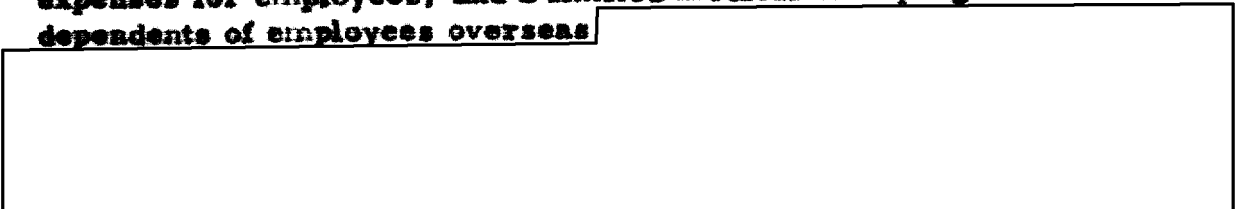


Since the question of travel and allowances and other fringe benefits is a dynamic subject, the Foreign Service has continuously updated their authority, proposing amendments in every session of Congress and gaining approval of Congress in almost every session. Certain specific improvements by Foreign Service, such as leave for rest and rehabilitation purposes, slightly more liberal payment of medical expenses for employees, and a limited medical care program for dependents of employees overseas

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8. In the current Congress there are a number of improvements to the Foreign Service authorities which have been passed by the Senate. These provisions were explained as being essential for Foreign Service personnel serving in Vietnam and other hostile areas. As in the case of the other improvements made in the Foreign Service Act these will be available not only to Foreign Service personnel but also to AID and USIA personnel. As a matter of fact, similar authorities were approved by both Houses in the previous Congress but for other reasons the law in which these provisions were contained could not be settled in conference and the bills died with that Congress.

9. On four separate occasions--in 1956, 1962, 1963, and 1966--the Agency attempted an over-all updating of section 4 with no success. The amendments proposed in 1966 were approved by the House but received no action in the Senate. In an effort to secure early action on these provisions, the Agency reintroduced in the current Congress the exact bill which had passed the House last year. Therefore, the Agency is in the position of asking for approval of some updating amendments which are now some two years old and in view of the so-called Vietnam amendments will soon be out of date.

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**OLC:JSW:mks (17 July 1967)**

APR 11 8 11 AM '67

APR 13 3 52 PM '67

APR 13 15 37 PM '67

MEMORANDUM FOR: *bx. Dir.*

*I seem sensible,  
proper and legal to  
me.*

*On retirement, why  
can't we push for an  
amendment on the next  
omnibus pay & retirement  
Bill tying its provisions  
to R.A. 88-643? (DATE)*

FORM NO. 101 REPLACES FORM 10-101  
1 AUG 54 WHICH MAY BE USED.

(47)

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	ACTION		DIRECT REPLY	PREPARE REPLY	
	APPROVAL		DISPATCH	RECOMMENDATION	
	COMMENT		FILE	RETURN	
	CONCURRENCE		INFORMATION	SIGNATURE	
<b>Remarks:</b>  I concur in <input type="text"/> recommendation and also recommend that the Bureau of the Budget be advised <u>before</u> the fact.  It should be noted that implementation of this proposal will involve major revisions of our regulations.  <div style="text-align: right;">/s/ J. S. Earman</div>					
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FROM: NAME, ADDRESS AND PHONE NO.				DATE	
Inspector General				7/27/67	
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