

CPA

Mr. William E. Colby
Director, Central Intelligence
Washington, D.C. 20505

Dear Mr. Colby:

We are pleased to submit to you a report of our review of the Agency's internal audit functions. Our review was conducted in accordance with our proposal dated October 9, 1973, and the provisions of contract dated October 15, 1973.

25X1

Very truly yours,

Certified Public Accountants

TABLE OF CONTENTS

	Page
I. HIGHLIGHTS	2
II. BACKGROUND	3
III. SCOPE	7
IV. SUMMARY	11
V. NOTEWORTHY ORGANIZATIONAL AND OPERATIONAL ELEMENTS OF THE CIA AUDIT STAFF	13
VI. OPPORTUNITIES FOR IMPROVING CIA AUDIT POLICIES AND OPERATIONS	18
VII. COMMERCIAL SYSTEMS AND AUDIT DIVISION, OFFICE OF FINANCE	25

Appendices

I. TECHNICAL COMMENTS AND RECOMMENDATIONS FOR AUDIT STAFF PRACTICE	29
II. TECHNICAL COMMENTS AND RECOMMENDATIONS FOR CSAD PRACTICE	35
III. [REDACTED] PROPOSAL, OCTOBER 9, 1973	25X1
IV. [REDACTED] OCTOBER 15, 1973	25X1

HIGHLIGHTS

The results of our review of internal auditing in the CIA are presented in detail in the following report. Some of our conclusions include:

the overall internal audit effort in CIA is adequate to safeguard Agency assets and ensure administrative compliance with laws and regulations.

Agency auditors are generally well-qualified, well-trained, professionally competent and, for the present, adequate in numbers.

to conform to overall federal policy, and to more effectively use the audit resources available, Agency management should encourage broader audit coverage of the economy, efficiency and effectiveness with which its programs are carried out, consider modifying its policy requiring annual financial audits of all activities.

Agency management should capitalize on a ready source of management talent by considering upper level auditors for management positions in operational areas.

articulated quality assurance policies, would help to maintain high standards for audit performance.

continued operation of the Audit Staff covert public accounting firm may become uneconomical if changes are made in the Agency audit policy.

the Commercial Systems and Audit Division may be able to shift the emphasis of its audits somewhat to provide more useful information to procurement personnel.

Page Denied

Next 45 Page(s) In Document Denied