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11 March 1949. NY 2971

~~MEMORANDUM TO THE FILES~~

SUBJECT: The Comptroller General's Views on H.R. 2663.

1. Mr. Fisher called on 10 March to discuss the language of Section 10.b. of H.R. 2663 which authorizes the funds available to the Agency to be expended without regard to law, or for objects of a confidential extraordinary nature which would be accounted for solely on the Director's certification.

2. He said several members of the Comptroller's office had raised questions concerning this unlimited availability and he wished to refresh his recollection. I rehearsed the history stating that we had initially proposed outside control, first in the National Security Council, and then in the Bureau of the Budget, and were still of the opinion that such outside control was desirable in principle and practice.

3. I stated that the control by the Bureau of the Budget had been specifically and intentionally eliminated by the Senate last year when they passed our Bill, and that when we were clearing our Bill through the Bureau of the Budget for presentation this year, the question had been raised as to what language would be used in this Section, and it was determined that the language passed by the Senate should be used, if it would not be objectionable to the Comptroller General's Office.

4. I recalled my earlier conversation with Mr. Fisher, in which I explained substantially the same situation, and that he had stated while he could not approve the language for the Comptroller, he did not feel the Comptroller would be forced to object strenuously to the submission of such language to Congress. Mr. Fisher agreed that this was a clear statement of his position and said that he was not now changing the position, but wished to refresh his memory on the facts for explanation to the Comptroller's Office. He repeated that if the Comptroller's opinion were asked by the Senate, he would probably be forced to state his basic principle in such matters that no such blanket authority should ever be given. I stated that we would have no grounds on which to object to such a statement, and Mr. Fisher then said he thought it extremely unlikely that their office would be asked for any opinion. I then noted that if the Bill were enacted as passed by the House, that there would be no change in the Agency's policy towards, or use of, unvouchered funds and that it would not, in any way, alter the auditing agreement which had been in force with GAO since CIA's conception. It would rather clarify and limit the audit done by their representative. Mr. Fisher stated that he himself was not much perturbed by the language of the Act, and that he expected no major difficulties to arise.

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