PLAINTIFF'S EXHIBIT

USX-1233

United States Steel Corporation

Interorganization Correspondence

Date: October 24, 1972

To: Mr. J. L. Ortner
Executive Vice President-
Accounting:

From: B. L. Thurman, Jr.

Subject: Records Retention Program

Early this year you requested a review of the Corporation's Records Retention Program. We have made a preliminary review of the program and believe that the 1963 OPC directive for Records Protection, Storage, and Destruction, which is the responsibility of Accounting Executive Management, is not being implemented. This lack of implementation exists in many of the major Operating Divisions and U. S. Steel Plants.

The General Manager-Systems, Procedures and Communications has been charged with the responsibility of developing written procedures to carry out the directive of the OPC. However, procedures have become outdated because of the many organizational and system changes since their development in 1965. This was recognized over a year ago and written procedures were refined and revised to simplify and improve the system, but these revisions have never been issued for implementation.

The procedures, as issued, do not establish the responsibility as to whom or how implementation shall be effected. Although some of the Divisions and Plants are attempting to follow the issued procedures, the results are generally ineffective. None of the data required to reconstruct the balance sheet, in the event of a disaster, is being sent to the Annandale Archives from some of the locations, and the data sent by some other locations is inadequate.

It appears that functions performed by the Annandale Archives under the Records Storage and Destruction Procedures (ACC 200-02), having to do with storage and destruction of records, are adequately controlled and functioning properly. Since there are no requirements that all records indicated on retention schedules be sent to Annandale, except those for reconstructing the balance sheet, a complete evaluation of implementation would have to be performed at each location, and this has not been done. It is pointed out though that several locations do not have active retention schedules.

It is our opinion that Accounting Executive Management should take the necessary steps to see that up-to-date written instructions are issued to all reporting locations to require compliance with the policy. After a reasonable installation period, we will plan another review to evaluate compliance.

B. L. Thurman, Jr.
Director - Audit Division

J. L. ORTNER
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