Audit Division

90/09/18 JA-1

USX

PLAINTIFF'S EXHIBIT

USX-1247

AN AUDIT OF RECORDS RETENTION USX HEADQUARTERS

To
Mr. W. R. Myers
Assistant Comptroller
Corporate Information Services
& Telecommunications

DISTRIBUTION

S. P. Blatnica
N. J. Connors, Jr.
R. D. Gainar
N. P. Gismondi
E. F. Guna
G. R. Haggerty
R. R. Rezac
R. H. Robinson
Price Waterhouse (2)

EASTERN AREA AUDITORS

C. A. Linkous
M. R. Lesnak
H. Y. Scott

Audit No. 90-2-82

September 18, 1990

REPORT

This audit was performed at management request to evaluate administration and control of the USX Records Management Program. The program provides for storage of inactive records including paper, film and magnetic tape for all departments and divisions. Currently 250,000 record boxes are stored at the Annandale Archives (Archives), a former limestone mine located in Western Pennsylvania.

Audit work included review of 714 (.03%) judgmentally selected files to verify existence of files, completeness of storage box labels, and accuracy of retention periods. Audit also examined 48,000 (20%) Archives storage index cards to determine that records are destroyed according to their designated destruction date and that index cards are prepared in accordance with the Records Management Manual. Additionally, mine security and safety conditions were reviewed.

Our review indicated administration and control of the Records Management Program were generally satisfactory; however, the following items require management attention:

- Revised destruction dates should be required for records put on hold status.
- A contingency plan to access files on outdated computer media should be developed.
- Retention schedules should be reviewed and departments notified to obtain approvals for changes.
- The west entrance of the mine should be secured at all times.
- Inter-State Recycling Inc. should be invoiced on a current basis and unbilled charges of $3,287 should be processed.

Management concurred with all audit recommendations.

1. Past Due Destruction Dates

In November of each year a Notice of Destruction list detailing records to be destroyed is sent to the originating departments for review and approval before year-end. Records still required are put on hold status and are to be assigned a new destruction date by the departments. Records held for Law and Tax matters are destroyed when litigation ends.

Our examination of storage index cards indicated 1,884 (4%) boxes had destruction dates prior to 1989, some dating back to 1972. The boxes were not destroyed because records held for reasons other than Law or Tax matters were not assigned revised destruction dates or departments did not respond to annual Notices of Destruction and follow-up by Records Management was not performed on a regular and timely basis.

Recommendation

1. That Office Services management require the departments to provide revised destruction dates for records on hold status.

2. That Records Management follow up with those departments not responding to Notices of Destruction.

3. That boxes currently on departmental hold be included in the next Notice of Destruction.

Comments of Manager - Headquarters Office Services

1. Concur. A revised destruction date will be obtained for all records on hold status except for those records held for law and tax matters.

2. & 3. Concur.

2. Outdated Computer Files

Audit noted 7-track magnetic tapes stored at the Archives. These tapes are obsolete and the USS Service Center no longer has the capability to read them. Discussion with management determined that no plan has been developed to access the data should recovery become necessary.

Recommendation

That contingency plans to retrieve data on outdated media be developed.

Comments of Manager - Operations & Data Services

Concur. A contingency plan to retrieve data stored on 7-track magnetic tape will be developed, if required, after a needs assessment is completed.

Comments of Manager - Headquarters Office Services

Noted. Office Services will comply with distribution instructions from Operations & Data Services.

3. Retention Periods

Review of retention periods for 714 record boxes from five departments determined 124 (17%) were not in accordance with the Records Management Manual or departmental retention schedules on file at the Archives. In addition to clerical errors, it was noted that the date records were shipped to the Archives was sometimes used as a starting point for the retention period rather than the January following the document date as required by the manual. Revised or new retention period schedules were not updated by four of the five departments when original retention periods were changed to reflect current needs or new classes of documents were sent to the Archives. New or revised retention schedules had not been formally approved for three of the five departments reviewed. The Records Management Manual requires that these schedules be approved by the department, the responsible Records Management Representative, the Law Department, and Records Management.

Recommendation

1. That all departments be notified of the proper procedure for applying retention periods.

2. That retention schedules be reviewed and departments notified to obtain approvals as appropriate.

Comments of Manager - Headquarters Office Services

1. Concur. The Records Management Manual will be republished as a USX Accounting Procedure in order to increase visibility and distribution.

2. Concur. Arrangements will be made to secure temporary employees as required to conform with this recommendation.

4. Security of the West Entrance

There are two entrances located on USX property from which the Archives office can be accessed. The east entrance is kept locked but can be used for emergencies. The west or main entrance is locked during the evening but open during business hours and unauthorized access can occur without detection. To avoid potential trespasser liabilities, this entrance should also be protected at all times.

Recommendation

That the west gate be secured at all times.

Comments of Manager - Headquarters Office Services

Concur. An automatic locking device with remote control will be installed at the west gate.

5. Disposal of Records

Outdated records are disposed of by Inter-State Recycling Inc. (ISR). ISR pays the current market price for waste paper to remove, destroy and recycle documents marked for destruction. Audit noted ISR has not been invoiced since 1988, resulting in $3,287 of uninvoiced shipments.

Recommendation

1. That the ISR be invoiced regularly.

2. That the $3,287 be recovered.

Comments of Manager - Headquarters Office Services

1. Concur. Inter-State Recycling, Inc. will be invoiced on a quarterly basis.

2. Concur. Inter-State Recycling, Inc. was invoiced for $3,287 on August 28, 1990.