

In the Hearts of his Countrymen,
He Lived,
The Ornament of the Eighteenth Century;
He Died,
Lamented by a Mourning World.●

HONORING GWENDOLYN BROOKS

● Ms. MOSELEY-BRAUN. Mr. President, tomorrow evening, Howard University will be honoring and celebrating one of our Nation's most treasured poets, Gwendolyn Brooks. There, they will highlight her lifetime of accomplishment: Many awards, over 70 honorary degrees, and her status both as the first black Pulitzer Prize winner and Poet Laureate of Illinois. I would like to take a moment to add a few words of my own to the many that will be saluting her tomorrow.

Like myself, Miss Brooks grew up on the south side of Chicago and attended Chicago public schools. Her parents loved literature and nurtured her early talent. She published her first poem when she was 11, and the world of poetry was forever changed. Her work gave voice to an entire class of people who had not yet been heard, and who had so much to say.

Her poetry has a soul of its own, sometimes whimsical, sometimes mournful, but always full of truth, and beauty. She writes of love and life and loss and liberty and lunacy and laceration. Her work is often provocative, and always inspirational. One of her most clever poems challenges its readers, shaking them out of complacency, preventing them from passively enjoying her art:

A poem doesn't do everything for you.
You are supposed to go on with your thinking.

You are supposed to enrich the other person's poem with your extensions,
your uniquely personal understandings,
thus making the poem serve you.

However, Gwendolyn Brooks doesn't merely challenge readers, she challenges writers. For more than half a century, she has dedicated herself to nurturing the talent of young writers through her teaching. She sponsors annual poetry contests, using her own money for cash prizes. She is as generous with her time as her money, dispensing advice and answering questions posed by aspiring writers.

Gwendolyn Brooks is not only one of America's greatest poets and a living legend, but an inspiration to many, myself included. One of the highlights of the day I was sworn in as a Senator 4 years ago was her reading of *Aurora* to me. Her words from that day live on in me as they do in anyone who has ever heard her speak.●

FEDERAL SURPLUS PROPERTY DONATION ACT

● Mr. MCCONNELL. Mr. President, I wish to speak about S. 307, the Federal Surplus Property Donations Act introduced earlier in the week by Senators LUGAR, HARKIN, LEAHY, and myself.

This legislation will enable food banks and other charities, which primarily serve low-income persons, to receive surplus Federal property such as computers, office furniture, copiers, warehouse equipment, and trucks. Items like these are often not available because of their expense. Such equipment can contribute to efficient and effective food bank operations.

I want to thank Second Harvest, Habitat for Humanity, and other major charities which serve needy families and children every day for their support of this legislation and their commitment in responding to hunger in our communities.

Mr. President, Second Harvest and Habitat for Humanity work with food banks serving all 50 States and Puerto Rico. In my home State of Kentucky, this legislation will assist Dare to Care Food Bank in Louisville, God's Pantry Food Bank in Lexington, and Kentucky Food Bank in Elizabethtown in accessing Federal surplus property.

This is a modest but important bill. It can make a real difference in the lives of those who are served by these valuable programs.

I urge my colleagues to support both this legislation and the food banks across the country that serve needy families and children.●

GAO'S REPORT ON THE IMPACT OF THE YEAR 2000 PROBLEM

● Mr. MOYNIHAN. Mr. President, we are now at the height of a contentious debate on whether or not Social Security payments will be made in the 21st century if we pass the balanced budget amendment. The question is moot.

According to a report released yesterday by the General Accounting Office [GAO], come January 1, 2000, the "Year 2000 Computer Problem" will render all Social Security funds impounded. On the first day of the new millennium thousands of computer systems at the Social Security Administration as well as all the other Federal Agencies—Defense included—could malfunction.

It is February 13, 1997; we have 1,051 days remaining until January 1, 2000. Not only does the Year 2000 Computer Problem render our balanced budget debate moot, but its extent and impact will have consequences unseen in history. I have introduced a bill, S. 22, that would set up a commission to address the problem. This issue should be the No. 1 priority of the Governmental Affairs Committee, and of the 105th Congress.

If this matter lingers unaddressed, I can only imagine what else besides Social Security will fail in our computer-dependent society.●

TRIBUTE TO UTAH'S MOTHER OF THE YEAR

● Mr. BENNETT. Mr. President, I rise today to pay tribute to Sybil Shumway Stewart, Utah's 1996 Mother of the

Year. I want to recognize her for the decades of service to her community, her church, and her family. We have been proud to have her represent our State this past year.

Sybil Shumway was born in Trenton, UT, on April 1, 1920, the youngest of four daughters, raised under the most humble of circumstances during the Great Depression. Sybil's father was a schoolteacher who taught in Cache County schools and was respected throughout the community. From the earliest age, her parents instilled in her the fundamental values of hard work, honesty and integrity, sacrifice and service.

As a student in junior high school, Sybil recalls her civics teacher detailing the rise of Hitler and Nazi Germany and subsequently learned to cherish and value the freedoms many of us often take for granted. She committed herself at that time to serving her community and country. She also recognized the importance that she teach her own children to cherish these same values.

Sybil graduated from Logan High School and Utah State University in 1942. Her desire to give something back to her community led her to pursue an occupation as a schoolteacher. While she only taught for a short while, she sees many of her students today. Her students never fail to express their appreciation for the skills they learned in her home economics class.

On Valentine's Day 1943, Sybil Shumway received an engagement ring in the mail from a young Army Air Corps lieutenant named Boyd Stewart, whom she had dated in college. They were married on May 21, 1943, while Boyd was home on weekend leave. They embarked on their life together and left that night for Randolph Field in Texas where Boyd was stationed as a flight instructor. After 20-plus years of Air Force duty and more than 30 years of running two farms, their marriage is still going strong almost 54 years later.

Sybil and Boyd raised 10 children; 6 boys and 4 girls. They taught their children the value of hard work and service to their fellow men. They instilled in each of them a love of God, country, community, and family. Sybil and Boyd's children went on to become schoolteachers, government administrators, successful business owners, elected officials, community activists, farmers, Scout leaders, a published author, and a world record holder. Five of their six sons served in our Nation's Armed Forces. Four of those sons served as missionaries for their church. Most important, following the example of their mother, those 10 children are now devoted parents to 41 grandchildren and 8 great-grandchildren. Indeed, Sybil's legacy and example will live on for generations to come.

In our world today, success is unfortunately often measured by great wealth, an expensive education, and the recognition and honors of men. Sybil Stewart has proven that the

greatest success one can have is within the walls of their own home. I congratulate her on the completion of her term as Utah's 1996 Mother of the Year. I know that to her family however, she will always be the Mother of the Year.●

AUDITOR RESPONSIBILITIES UNDER THE 1995 PRIVATE SECURITIES LITIGATION REFORM ACT

● Mr. WYDEN. Mr. President, when a certified public accountant provides an opinion on a company's financial statements, investors and consumers rely on that statement. This role is vital to the efficient workings of our capital markets, which are the envy of the world. To keep our markets the best, investors must have confidence in them. That is why I have worked over the years for stronger rules to protect investors from corporate fraud.

In recent years, corporate fraud has been perpetrated in the health care arena, military contracting and in the savings and loan fiasco, costing taxpayers billions of dollars. As a Member of the House and as a new Senator, I have worked to put in place clear procedures for early detection of fraud and illegal acts so as to protect the public from huge losses of their hard-earned tax dollars.

To strengthen the fight against fraud, I worked as part of a bipartisan coalition that was successful in adding a new Section 10A to the Securities Exchange Act of 1934. I wish to take a moment today to update my colleagues on the status of that section's implementation.

Since the enactment of this law in December 1995, I have been interested in how the Securities and Exchange Commission (SEC) and the accounting industry would respond to the new requirements and the spirit of the law. I am pleased that both the industry and the Securities and Exchange Commission have taken positive steps to assure that both the letter and the spirit of the law are fully adhered to. Within the industry, I would note that the American Institute of Certified Public Accountants (AICPA) last year issued a revised statement of Auditing Standards (SAS) Number 82 "Consideration of Fraud in a Financial Statement Audit." The new SAS supersedes Statement of Auditing Standards (SAS) Number 53 relating to "The Auditor's Responsibility to Detect and Report Errors and Irregularities." The previous AICPA Statement of Auditing Standards Number 53 required auditors to report errors and irregularities. The new SAS takes an important step forward by making clear for the first time an auditor's responsibility to detect material fraud in financial statements and by offering various fraud risk factors to be considered in planning and performing all audits. The new revised SAS, read in conjunction with the AICPA's SAS Number 54 relating to an auditor's responsibility to detect illegal acts, is not only consistent with

Section 10A but also promotes the intent of that provision to put procedures in place to help detect fraud early.

To date, the SEC has only limited experience with Section 10A because it becomes effective in two stages. For companies that file selected quarterly financial data with the SEC, Section 10A applies to annual reports for fiscal years beginning on or after January 1, 1996. For companies that do not file these reports, the provision applies to annual reports for fiscal years beginning on or after January 1, 1997. Many financial reports are filed at the end of the calendar year, meaning that most company audits for the 1996 fiscal year have not yet been completed. The SEC has assured me that it will evaluate and report on its experience with implementation of Section 10A in a timely manner.

In addition, I wrote SEC Chairman Arthur Levitt seeking his views on whether the AICPA's new SAS Number 82 and existing SAS 54 relating to illegal acts are consistent with the purpose and intent of Section 10A. In his reply, Chairman Levitt states: "We believe that both these standards improve the ability of auditors to detect management fraud and are consistent with the purposes of Section 10A."

Mr. President, the vast majority of accountants are honest, capable professionals. The number of audit failures is actually quite low compared to the amount of work they do. The AICPA's new revised SAS No. 82 and section 10A are added protection for investors and corporations against such failures.

I am pleased with both the work of the AICPA in clarifying the role of auditors in detecting fraudulent acts and with Chairman Levitt's reply assuring us that the SEC and AICPA procedures should work well together to promote the early detection of corporate fraud.

I submit for the RECORD my letter to SEC Chairman Levitt and his reply of January 31, 1997, and ask that they be printed.

The material follows:

U.S. SENATE,

Washington, DC, January 10, 1997.

HON. ARTHUR LEVITT, JR.,
Chairman, Securities and Exchange Commission, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to seek your views as Chairman of the Securities and Exchange Commission on the status of implementation of Section 10A of the Private Securities Litigation Reform Act of 1995 and particularly the relationship between Section 10A and the American Institute of Certified Public Accountants' (AICPA) revised Statement of Auditing Standards (SAS) Number 53 relating to fraud.

As the sponsor of Section 10A of the legislation, my goal was to clarify the auditor's role in detecting fraud in financial statements and to put in place clear procedures for early detection of fraud and illegal acts so as to avoid the need for strike suits in the first place. I would appreciate your views on whether the AICPA's revised SAS 53 and existing SAS 54 relating to illegal acts are consistent with the purpose and intent of Section 10A in seeking early detection of illegal

acts that are material to the financial statements being audited. I would also appreciate knowing whether you have encountered any problems in implementing and enforcing the requirements of new Section 10A.

I look forward to your prompt response to this request.

Sincerely,

RON WYDEN,
U.S. Senator.

SECURITIES AND
EXCHANGE COMMISSION,

Washington, DC, January 31, 1997.

HON. RON WYDEN,
U.S. Senate,
Washington, DC.

DEAR SENATOR WYDEN: Thank you for your letter seeking information on the implementation of section 10A of the Securities Exchange Act of 1934, which was adopted as Title III of the Private Securities Litigation Reform Act of 1995.

In connection with this legislation, the American Institute of Certified Public Accountants (AICPA) revised SAS No. 53, entitled "The Auditor's Responsibility to Detect and Report Errors and Irregularities." To implement the reporting provisions of section 10A(b), the Commission issued proposed rules, a copy of which are enclosed. Final action is expected soon.

The AICPA's revised standard clearly requires auditors to assess the risk of material misstatements in financial statements due to fraud. In discharging this duty, auditors must consider various fraud risk factors in planning and performing the audit. It also requires that working papers document both the auditor's assessment of those risk factors and any responsive action taken.

Additional guidance for auditors discharging their responsibilities under section 10A(a) is found in existing SAS No. 54, since this standard is not limited to fraudulent conduct. SAS No. 54, as you know, served as a template in drafting certain provisions of section 10A. We believe that both these standards improve the ability of auditors to detect management fraud and are consistent with the purposes of section 10A.

The Commission's experiences under section 10A have been limited due to the provision's relatively recent effectiveness.¹ Section 10A becomes effective in two stages, depending on whether a company files selected quarterly financial data with the SEC. For those companies who file this information, the provision applies to annual reports for fiscal years beginning on or after January 1, 1996. For companies who do not file these reports, the provision applies to annual reports for fiscal years beginning on or after January 1, 1997. Since most companies file at calendar year-end, the audit for the 1996 fiscal year for most companies has not yet been completed.

After we have had time to evaluate our experiences for this period, we would be pleased to furnish you with additional information. Thank you again for your continuing interest in these important issues.

Sincerely,

ARTHUR LEVITT.●

ROGERS H. CLARK

Mr. FAIRCLOTH. Mr. President, I rise today to congratulate Mr. Rogers H. Clark, the president of Sampson-Bladen Oil Co., Inc., on his recent election as president of the Petroleum Marketers Association of

¹During an enforcement investigation, however, an accounting firm provided certain information and requested that it be deemed to be submitted under section 10A.