

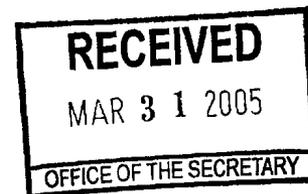
# CIO Executive Council

The Professional Organization for CIOs

67

March 30, 2005

Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609



**RE: FILE NUMBER 4 - 497**

Dear Mr. Katz:

The CIO Executive Council™ is a professional organization of the nation's leading chief information officers (CIOs). Fully staffed and member-driven, the Council currently has 230+ members, representing more than 30 different industries, millions of employees and multiple billions in annual revenues. The organization is founded by the creators of IDG's *CIO* magazine.

Launched in April 2004, the Council was created to give CIOs a united voice on important technology and business matters, including Sarbanes-Oxley. CIOs oversee all business operations within the technology environment and hence, play a crucial role in their organizations' Sarbanes-Oxley compliance. The CIO is tasked with managing information technology (IT) costs, resource allocation, process optimization and alignment with business objectives. In short, the CIO is responsible for creating efficient procedures that meet Sarbanes-Oxley requirements and also create business value.

Given the complexities of this task and the number of Council members impacted by the new regulation, the CIO Executive Council decided to develop a playbook that would assist CIOs in understanding Sarbanes-Oxley basics and its impact on their role and their organization. The Council's Sarbanes-Oxley Task Force, co-chaired by Marc West, CIO of H&R Block, and Larry Brown, CIO of Arch Coal, engaged an independent risk consulting firm to work with members to develop the content. The firm, which advises hundreds of companies on Sarbanes-Oxley compliance, interviewed more than a dozen CIOs and their direct reports, and attended several CIO Executive Council meetings, including a panel discussion of representatives from each of the Big 4 public accounting firms. The final playbook, due out later this year, offers lessons learned and best practices that CIOs can adopt for Year 2 of Sarbanes-Oxley compliance.

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Information Executives

The playbook also uncovers some of the top challenges CIOs faced in Year 1. As the Commission has solicited feedback about Sarbanes-Oxley Section 404, we'd like to share some of these top-line observations:

- **Cost** of Sarbanes-Oxley is a key area of concern for CIOs. As one of our members stated, "Many CIOs believe the Sarbanes-Oxley Act imposes exceptionally demanding requirements that can drain business resources and operations. In order to meet established deadlines, CIOs in some instances are forced to shift their organization's focus and budget away from other IT projects and investments."
- While most companies that have completed Year One of Section 404 compliance have cleared this hurdle, understanding and establishing "**baselining**" was a common stumbling block; In some cases, the lack of clarity about what baselining entails cut into project hours and impacted the overall timeline.
- Many CIOs expressed frustration that there is **no consistent approach taken by the external auditor firms**; (NOTE: According to a CIO Executive Council poll released in October 2004, 42% (of 88 CIO respondents) said the auditors of SOX compliance are not helpful to their organization's efforts to meet the requirements).

With that said, members also spoke of the **value and benefits** to be gained from Sarbanes-Oxley compliance. CIOs say the compliance process:

- Creates an impetus to put necessary processes in place that might have been pushed back by previous priorities.
- Establishes metrics to evaluate how well processes are performing.
- Provides a potential indicator of new business opportunities.

As you can see, the CIO Executive Council members have invested a great deal of time, thought, training and resources to understand and achieve Sarbanes-Oxley compliance. These CIOs are vested in the future success of the Sarbanes-Oxley Act and, as such, are prepared to share their experiences, perspectives and lessons with other stakeholders to build greater understanding and awareness of this issue.

The CIO Executive Council also recognizes that the requirements of complying with the Sarbanes-Oxley Act undoubtedly will change over the coming months and years. As it is the CIO Executive Council's goal to provide timely information to its members, we fully expect to update the forthcoming Sarbanes-Oxley playbook with addendums whenever new information becomes available. Please keep this in mind as we would be happy to serve as the direct channel between your organization and the nation's chief information officers.

We look forward to continued dialogue with you and the Securities and Exchange Commission.

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Hall".

Mark Hall  
General Manager, CIO Executive Council  
CIO, CXO Media Inc.