



EFFECTIVE OCIO OVERSIGHT QUESTIONNAIRE

1/15/2008

1/19/2008

5/5/07

EXECUTIVE SUMMARY

No longer a new concept, the Outsourced Chief Investment Officer (“OCIO”) model has become common with many endowments and foundations globally. The expanded usage continues.

Properly implemented, outsourcing an investment program’s oversight can help a not-for-profit organization address a lack of internal resources, risk management challenges, the need for timely decision making, portfolio complexity and on-going pressure of cost reduction. In turn, this will enable the trustees, committee and staff to focus on improving institutional governance and furthering the mission of the institution. We believe an ideal OCIO relationship is a seamless extension of an institution’s fiduciaries and internal staff and complements them with the additional resources needed to steward the investment program effectively.

Like any process and decision-making to hire and monitor an investment manager, selecting an OCIO provider initially and reviewing the OCIO investment manager regularly is a critical function of institutional governance. As a leader in the non-profit space, PlanPILOT believes in providing unbiased, independent consulting services that are needed to best meet the governance responsibilities.

Whether you already have an OCIO provider or are considering implementing this model for your institution, the following questions will help you determine whether you have effectively designed and implemented your oversight functions in ways that can vastly improve the benefits provided by your outsourcing partner and limit your risk exposure.

PART 1 EFFECTIVE OCIO OVERSIGHT QUESTIONS

Survey

Please read and answer the following questions. If you can answer most questions constructively, you are well on your way to maximizing the effectiveness of your outsourcing program. If you cannot answer them affirmatively for the most part, have no fear, working with a consultant can assist you in getting your oversight where you need it to be.

	Yes	No	Unsure	Needs Improvement
Are the overall values and objectives of the institution, its senior management and key benefactors and beneficiaries, and its spending goals clearly articulated and shared with the OCIO provider?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the OCIO provider's approach flexible to meet the needs of the institution or more cookie-cutter?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the OCIO provider in other lines of business and/or affiliated with other entities, e.g. a broker-dealer, asset manager or funds provider, or bank, that could result in potential conflicts of interest?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the OCIO disclosed any material breaches in its ethics, compliance and data security or any litigation or regulatory matters?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the institution performed adequate due diligence on the OCIO provider's asset management methodology, including alternative asset classes, and not just on past performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the OCIO provider focus in-depth attention on the various risks presented and that need to be managed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have all forms, layers and amounts of fees been disclosed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the OCIO provider provide the right amount of information to document and support the results of the implementation of its decisions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can or do we view the OCIO provider as a co-fiduciary partner and not a vendor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you done any benchmarking of your existing OCIO provider's services and fees compared to peers in the last 2-3 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you done more formal due diligence (RFI or RFP) on your existing OCIO provider compared to the marketplace in the last 5-7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has due diligence been led by an expert with independence and objectivity from your institution and the OCIO provider?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How did you do? If you could not check **yes** to at least several of the questions, there is room for improvement. Good news is expert assistance is available.

PART 2

BENEFITS OF USING A CONSULTANT

Like any process and decision-making to hire and monitor an investment manager, selecting an OCIO provider initially and reviewing the OCIO investment manager regularly is a critical function of institutional governance. The OCIO provider is a co-fiduciary who needs to be closely aligned with your institution.

There is greater and expanding involvement by third-party overseers in the search process and periodic independent oversight after the relationship begins. Consulting firms can effectively support an institution with the OCIO process given their extensive background in supporting not-for-profits and retirement plan fiduciaries. Often this can occur via a formal request for proposal process to evaluate and benchmark the outsourcing partner vis-à-vis competitors.

Be careful though. Some consulting firms act as a search consultant *and* an OCIO provider, which we view as a conflict of interest, which can lead to biased results. As a leader in the non-profit space, PlanPILOT believes in providing unbiased, independent consulting services as the optimal approach to supporting the trustees, committee and staff to best meet their governance responsibilities.

CONCLUSION

Properly implemented, outsourcing an investment program's oversight can help a not-for-profit organization address a lack of internal resources, risk management challenges, the need for timely decision making, portfolio complexity and on-going pressure of cost reduction. This will enable the trustees, committee and staff to focus on improving institutional governance and furthering the mission of the institution. An ideal OCIO relationship is a seamless extension of an institution's fiduciaries and internal staff and complements them with the additional resources needed to steward investments effectively.

Selecting an OCIO provider initially and reviewing the OCIO manager regularly is a critical function of institutional governance responsibility. Consulting firms can support an institution with this process. Some consulting firms act as a search consultant and an OCIO provider, which we view as a conflict of interest, and should be avoided.

As a leader in the non-profit space, PlanPILOT believes in providing unbiased, independent consulting services. PlanPILOT will provide you the objective advisory services you need to best meet your governance responsibilities in effective OCIO implementation and oversight.

Take the next step.

Call (312) 973-4911 for more information or guidance on OCIO consulting services or visit www.planpilot.com



Contact

PlanPILOT
223 W. Jackson Blvd., Suite 800
Chicago, IL 60606

(312) 973-4911
info@planpilot.com
www.planpilot.com