

PRACTICE S-4.6

THERE IS A PROCESS TO PERIODICALLY REVIEW THE ORGANIZATION'S EFFECTIVENESS IN MEETING ITS FIDUCIARY RESPONSIBILITIES.

Fiduciary duties are generally presented as distinct obligations substantiated through law and regulation. Many of the duties are accompanied by documentation and review obligations. As a practical matter, a comprehensive framework is needed to ensure that all applicable fiduciary practices are fully and effectively addressed on an ongoing basis. A planned approach to conduct periodic assessments provides such a framework.

CRITERIA

- 4.6.1 Effectiveness of fiduciary Practices is periodically reviewed in order to foster continued improvement.**
- 4.6.2 Assessments are conducted at planned intervals to determine whether (a) appropriate policies and procedures are in place to address all fiduciary obligations, (b) such policies and procedures are effectively implemented and maintained, and (c) the IPS is up-to-date.**
- 4.6.3 Assessments are documented, conducted in a manner that ensures objectivity and impartiality, and results are reviewed for reasonableness.**

Given that internal and external reviews and assessments are well-recognized tools to evaluate risks and ensure the effectiveness of policies and procedures, further weight is added to the need to establish a formal overall review process (as is provided by an assessment program).

Finally, it is important to recognize that the trend in law and regulation is towards greater formality in: (1) policies and procedures and (2) processes that ensure that the policies and procedures are effective.

Substantiation

Employee Retirement Income Security Act of 1974 [ERISA]

§404(a)(1)(B)

Case Law

Chao v. Chacon, Case No. 1:04 CV 35000 (N.D. Ohio 2005); *Fink v. National Savings & Trust Co.*, 772 F.2d 951, 957 (D.C. Cir. 1985); *Liss v. Smith*, 991 F.Supp. 278, 299-300 (S.D.N.Y.,1998).

Other

Department of Labor Employee Benefits Security Administration, "Meeting Your Fiduciary Responsibilities" (May 2004); 29 C.F.R. 2509.75-8; 29 C.F.R. 2509.94-2.

Uniform Prudent Investor Act [UPIA]

§2(a); §2(d)

Uniform Management of Public Employee Retirement Systems Act [MPERS]

§8(b); §7