



STATE OF WISCONSIN

Legislative Audit Bureau

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Joe Chrisman
State Auditor

December 5, 2011

Mr. Keith Bozarth, Executive Director, and
Members of the Investment Board Audit Committee
State of Wisconsin Investment Board
121 East Wilson Street
Madison, Wisconsin 53703

Dear Mr. Bozarth and Members of the Investment Board Audit Committee:

We have completed a financial audit of the investments and investment activity of the Retirement Investment Trust Funds, the State Investment Fund, and the Various Funds managed by the State of Wisconsin Investment Board as of and for the year ended June 30, 2011. We issued unqualified auditor's reports on the fair presentation of the financial statements. These financial statements and related opinions are included in the Investment Board's 2011 Annual Report.

As provided for in *Government Auditing Standards*, we also are furnishing you with the auditor's report on internal control over financial reporting and on compliance and other matters. We did not identify any control or compliance concerns required to be reported under these standards.

We appreciate the courtesy and cooperation extended to us by Investment Board staff during the audit.

Sincerely,

Joe Chrisman
State Auditor

JC/DA/ss

Enclosure



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the State Investment Fund, the Retirement Investment Trust Funds, and the Various Funds managed by the State of Wisconsin Investment Board as of and for the year ended June 30, 2011, and have issued our reports thereon dated August 29, 2011, and December 5, 2011. The financial statements and related auditor's opinions are included in the State of Wisconsin Investment Board's 2011 Annual Report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Investment Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Investment Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Investment Board's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined in the preceding paragraph.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Investment Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters pertaining to potential improvements in the Investment Board's procedures to monitor compliance with investment guidelines that we reported to management of the Investment Board in a separate memorandum dated November 14, 2011.

This independent auditor's report is intended solely for the information and use of the Investment Board's management and audit committee, and the Wisconsin Legislature. This report is a matter of public record and its distribution is not limited. However, because we do not express an opinion on the effectiveness of the Investment Board's internal control or on compliance, this report is not intended to be used by anyone other than these specified parties.

December 5, 2011

by

LEGISLATIVE AUDIT BUREAU



Diann Allsen
Audit Director