



STATE OF WISCONSIN
Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410

www.legis.wisconsin.gov/lab

Toll-free hotline: 1-877-FRAUD-17

Joe Chrisman
State Auditor

December 20, 2013

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

We have completed our fiscal year (FY) 2012-13 financial audit of the State of Wisconsin Investment Board to fulfill our audit requirements under ss. 13.94(1)(df) and 25.17(51), Wis. Stats., and as requested by the Investment Board. The Investment Board's financial statements report the investments and investment activity for the Wisconsin Retirement System funds, the State Investment Fund, and five insurance and trust funds. The statements and our unmodified opinion on them are included in the Investment Board's FY 2012-13 Annual Report, which may be found on the Investment Board's website.

The Core Retirement Investment Trust Fund experienced an investment return of 11.1 percent in FY 2012-13, while the Variable Retirement Investment Trust Fund experienced an investment return of 19.9 percent. After considering net investment income and net contribution receipts and benefit disbursements in FY 2012-13, the net investment positions of the retirement funds as of June 30, 2013, were nearly \$80.3 billion for the Core Retirement Investment Trust Fund and \$6.2 billion for the Variable Retirement Investment Trust Fund.

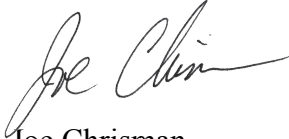
The State Investment Fund invests the excess operating funds of State of Wisconsin agencies, the retirement funds, and the Wisconsin Local Government Investment Pool. Net income earned by the State Investment Fund increased from nearly \$7.3 million in FY 2011-12 to nearly \$9.6 million in FY 2012-13, or by 31.4 percent, because of an increase in the average daily balance. After considering net investment income and net deposits and withdrawals, the State Investment Fund had a net position of nearly \$9.2 billion as of June 30, 2013.

The Investment Board is also responsible for investing the assets of five insurance and trust funds: the Injured Patients and Families Compensation Fund, the State Life Insurance Fund, the Local Government Property Insurance Fund, the Historical Society Trust Fund, and the EdVest Tuition Trust Fund. Each of these funds has different investment policies, as established by the agency responsible for the fund and the Investment Board.

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
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December 20, 2013

Enclosed is the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, as required by *Government Auditing Standards*. As noted in this report, which was provided to the Investment Board, we did not identify any control or compliance concerns that are required to be reported under these standards.

Sincerely,



Joe Chrisman
State Auditor

JC/SH/sw

Enclosure

cc: Senator Mary Lazich
Senator Alberta Darling
Senator Kathleen Vinehout
Senator John Lehman

Representative Howard Marklein
Representative John Nygren
Representative Jon Richards
Representative Melissa Sargent

Michael Williamson, Executive Director
State of Wisconsin Investment Board



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September 13, 2013

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

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

Dear Senator Cowles, Representative Kerkman, Mr. Williamson, and Members of the
Investment Board Audit Committee:

We have completed a financial audit of the State Investment Fund as of and for the year ended
June 30, 2013. In our opinion, the financial statements of the State Investment Fund present
fairly, in all material respects, its financial position as of June 30, 2013. The financial statements
and related opinion are included in the Investment Board's early release document for local
government investment pool participants for fiscal year 2012-13.

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

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Chrisman".

Joe Chrisman
State Auditor

JC/SH/ss

Enclosure



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee

Members of the Board of Trustees and
Mr. Michael Williamson, Executive Director
State of Wisconsin Investment Board

We have audited the financial statements and the related notes of the State Investment Fund as of and for the year ended June 30, 2013, and have issued our report thereon dated September 13, 2013. 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*, which is issued by the Comptroller General of the United States. The financial statements and related auditor's opinion are included in the State of Wisconsin Investment Board's early release document for local government investment pool participants for fiscal year 2012-13.

Internal Control over Financial Reporting

Management of the Investment Board is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Investment Board's internal control to determine the audit procedures that are appropriate in the circumstances 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 misstatements, 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 State Investment Fund's financial statements will not be prevented, or that a material misstatement will not be 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 material weaknesses. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Investment Fund's financial statements are free from material misstatement, we performed tests of 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Investment Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Investment Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

LEGISLATIVE AUDIT BUREAU



Joe Chrisman
State Auditor

September 13, 2013



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Joe Chrisman
State Auditor

November 25, 2013

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

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

We have completed a financial audit of the investments and investment activity of the Retirement 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, 2013. We issued unmodified auditor's reports on the fair presentation of the financial statements. These financial statements and related opinions are included in the Investment Board's fiscal year 2013 Annual Report.

As required by *Government Auditing Standards*, we are also 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

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee

Mr. Michael Williamson, Executive Director, and
Members of the Investment Board Audit Committee
State of Wisconsin Investment Board

We have audited the financial statements and the related notes of the Retirement Funds and the Various Funds managed by the State of Wisconsin Investment Board as of and for the years ended June 30, 2013, and have issued our report thereon dated November 25, 2013. 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*, which is issued by the Comptroller General of the United States. The financial statements and related auditor's opinions have been included in the State of Wisconsin Investment Board's fiscal year 2013 Annual Report.

Internal Control over Financial Reporting

Management of the Investment Board is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Investment Board's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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LEGISLATIVE AUDIT BUREAU



Joe Chrisman
State Auditor

November 25, 2013