Report Summary

Board of Investments

This financial-compliance audit report documents the results of our audit of the Board of Investments (board) for the two fiscal years ended June 30, 2004. We issued unqualified opinions on the eight sets of statements contained in this report. This report contains two recommendations for improving timeliness of financial reporting and compliance with state law by the board. It also contains a disclosure issue, beginning on page 7, which discusses concerns that certain recent INTERCAP loans to state agencies may constitute state debt.

The prior financial-compliance audit report for the two fiscal years ended June 30, 2002, contained two recommendations that have been implemented.

The listing below serves as a means of summarizing the recommendations contained in the report, the board's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the Board of Investments:

A. Publish its annual financial report by December 31, as required by state law.

Board Response: Concur. See page C-3.

B. Provide timely draft financial statements to the Department of Administration as required by state policy.

Board Response: Concur. See page C-3.

C. Consider adopting industry standards for the completion and release of the annual audited financial statements. 4

Board Response: Do not concur. See page C-3.

Recommendation #2

We recommend the Board of Investments review its participation in issuing rural and special improvement district bonds and provide the report required by state law to the next legislature. 5

Board Response: Concur. See page C-4.