



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT

Board of Investments

For the Two Fiscal Years Ended June 30, 2009

NOVEMBER 2009

08-04B

REPORT SUMMARY

The Board of Investments (Board) manages the Unified Investment Program established by the state Constitution. The program has grown from a value of \$321 million at year-end 1972 to \$11.8 billion at year-end 2009, an average annual increase of 10.2 percent.

Context

To administer the Unified Investment Program, the Board created seven investment pools that operate similar to mutual funds. Some pools are dedicated solely to the state’s nine retirement funds, while others are open to other state and local government funds. Local government entities may only invest in the Short Term Investment Pool. State agencies, which are ineligible to participate in a long term investment pool have direct fixed income, equity, real estate, loan and mortgage investments. These investments are combined and reported as All Other Funds Investments Managed. Funds are invested solely at the discretion of the Board pursuant to the “Prudent Expert Principle.”

The Board implemented one recommendation and partially implemented the other. The partially implemented recommendation concerned the Board’s involvement in the construction of the Montana State Fund Building. The Board decided to remain involved in the construction of the building and plans to end its relationship when construction is complete. As a result, we made no recommendation and will follow up on Board’s action again during our next audit.

Results

This report does not contain any recommendations to the Board. The prior financial-compliance audit report, contained two recommendations to the Board.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor’s FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.