

**ATTESTATION REPORT  
OF THE  
NEBRASKA FOSTER CARE REVIEW BOARD**

**JULY 1, 2005 THROUGH JUNE 30, 2006**

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the Auditor of Public Accounts.**

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**Issued on April 16, 2007**

NEBRASKA FOSTER CARE REVIEW BOARD

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## NEBRASKA FOSTER CARE REVIEW BOARD

### **BACKGROUND**

The State Foster Care Review Board (Board) was established by the Legislature in 1982. The Board is responsible for conducting periodic reviews which meet the requirements of the Federal Adoption Assistance and Child Welfare Act of 1980, selecting local foster care review board (Local Board) volunteer members, developing procedures and training programs for Local Boards, maintaining a central registry of all children in out-of-home care, and studying and distributing data on children in foster care.

The State Foster Care Review Board had nine members through December 31, 2005, and eleven members subsequent to January 1, 2006, appointed by the Governor with approval of the Legislature. The board reviews the activities of 52 Local Boards located in communities across the State. The Local Boards are responsible for reviewing cases of children placed in out-of-home care.

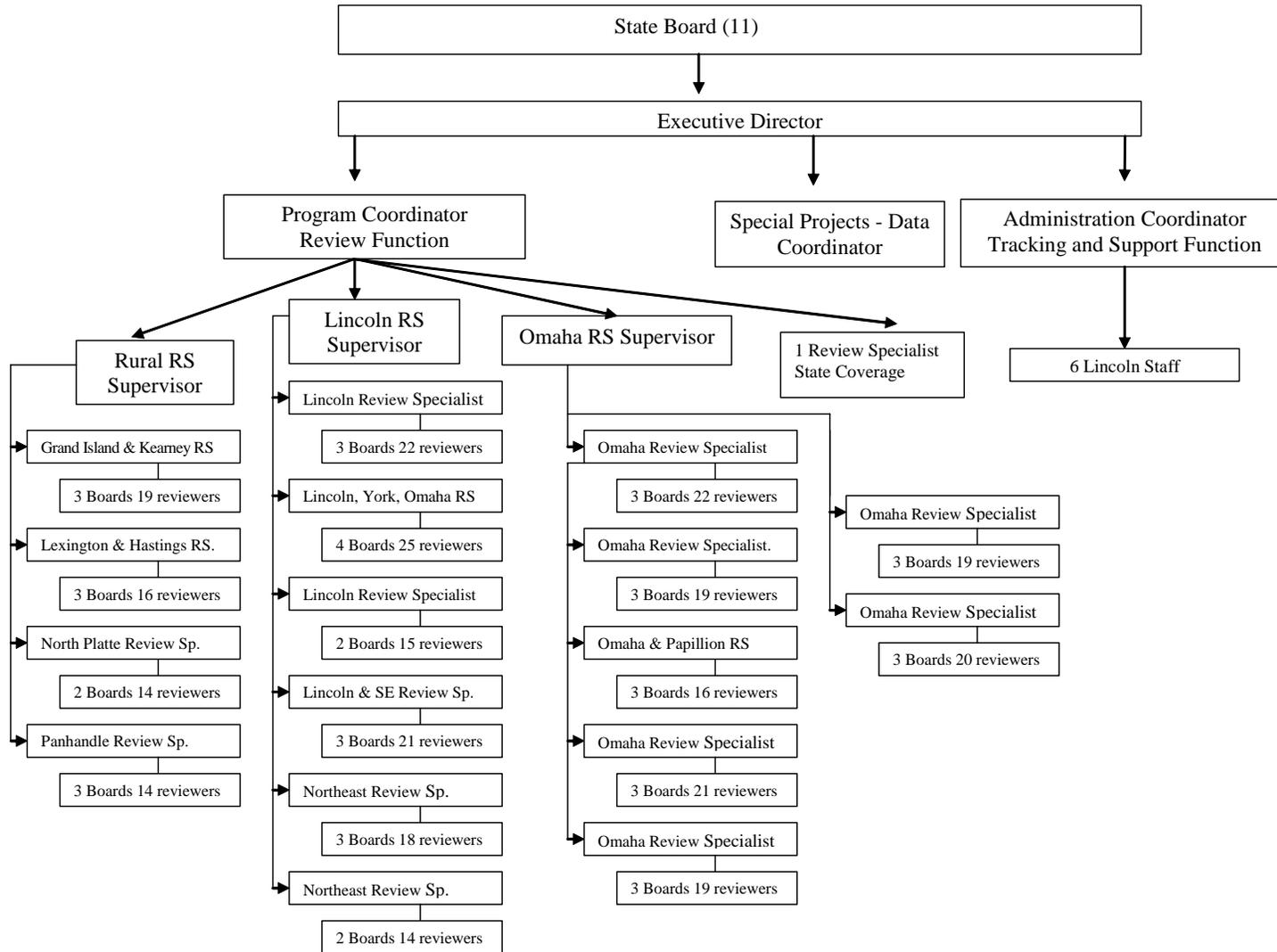
The Local Boards are located in the following communities: Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney, Lexington, Lincoln, Norfolk, North Platte, Omaha, Papillion, Pierce, Scottsbluff, Seward, South Sioux City, and York.

### **MISSION STATEMENT**

The State Foster Care Review Board's mission is to ensure the best interests of children in foster care are being met through external citizen review, monitoring facilities that house children and youth, maintaining up-to-date data on a statewide tracking system, and disseminating data and recommendations through an Annual Report.

# NEBRASKA FOSTER CARE REVIEW BOARD

## ORGANIZATIONAL CHART



NEBRASKA FOSTER CARE REVIEW BOARD

**EXIT CONFERENCE**

An exit conference was held March 21, 2007, with the Board to discuss the results of our examination. Those in attendance for the Nebraska Foster Care Review Board were:

<b>NAME</b>	<b>TITLE</b>
Carolyn K. Stitt	Executive Director
Heidi K. Ore	Administrative Assistant
Joellen H. McGinn	State Board Member

## NEBRASKA FOSTER CARE REVIEW BOARD

### SUMMARY OF COMMENTS

During our examination of the Nebraska Foster Care Review Board, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here.

1. ***Contract Compliance:*** The Board did not provide the Nebraska Health and Human Services System (HHSS) with a list of children reviewed and their IV-E eligibility status on a monthly basis as stated in the contract between the Board and HHSS.
2. ***Case File Review:*** In our review of the Board's case files we noted eight of fifteen child status reviews were not completed within six months of the prior status review as required by State statute and Federal Law. Based on information provided to us by Board management, the number of cases not completed within six months of the prior status review in accordance with the above laws and regulations was 1,428 (38% )as of June 30, 2006, and 1178 (37%) as of February 28, 2007.
3. ***Internal Control Over Payroll:*** There was not a documented reconciliation of the final payroll register to the pre-payroll register.
4. ***Segregation of Duties over Fixed Assets:*** There is a lack of segregation of duties over fixed assets because the review of the Fixed Assets Additions and Retirements Report and the annual asset inventory was completed by an individual who was able to perform fixed asset functions on the Nebraska Information System (NIS).

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Board to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All the formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.

## NEBRASKA FOSTER CARE REVIEW BOARD

### COMMENTS AND RECOMMENDATIONS

#### 1. Contract Compliance

The Board receives Federal funds for the review of IV-E eligible foster care cases. The Federal funds flow through the Department of Health and Human Services System (HHSS) by contractual agreement between the Board and HHSS. The contract between the Board and HHSS states the Board shall submit a list of children reviewed and their IV-E eligibility status to HHSS on a monthly basis. In addition, HHSS and the Board must match the Federal funds dollar for dollar. The amount of Federal funds due to the Board is calculated by multiplying one-half of their General Fund expenditures by the percentage of IV-E cases reviewed. This has historically been 62.5%. For fiscal year ended June 30, 2006, the Board received \$385,507 from their contractual agreement with HHSS.

The Board did not provide HHSS with a list of children reviewed and their IV-E eligibility status on a monthly basis as stated in the contract between the Board and HHSS. The Board has not supplied this information to HHSS since September 2004.

In addition, we understand the Board must prepare their list of IV-E children reviewed manually from a HHSS computer generated report for all IV-E cases.

When a list of children reviewed for IV-E cases is not provided to HHSS, there is an increased risk the Board was not receiving the correct amount of Federal funding based on the percentage of IV-E cases reviewed during the year. In addition, more resources are normally needed when a list of IV-E eligible children reviewed is performed manually.

We recommend the Board implement procedures to ensure data, as stated in the contract with HHSS, is submitted to HHSS on a monthly basis. In addition, we recommend the Board work with HHSS to generate a report which would be more conducive to reporting the percentage of IV-E cases to HHSS.

*Board's Response: The Foster Care Review Board has provided HHSS with all the lists of children reviewed by the FCRB since September 2004. The Review Board will continue to provide this listing with the Review Board's Budget Status Report on a quarterly basis since allocations are figured quarterly by HHSS. The FCRB will work with HHSS to update the agreement between the agencies to reflect this timeframe. Additionally, the FCRB will work with HHSS to develop a mechanism conducive to reporting the percentage of IV-E cases to HHSS in a timely manner.*

NEBRASKA FOSTER CARE REVIEW BOARD

COMMENTS AND RECOMMENDATIONS

(Continued)

**2. Case File Review**

42 U.S.C Section 675(5)(B) states, “the status of each child is reviewed periodically but no less frequently than once every six months by either a court or by administrative review.” Neb. Rev. Stat. Section 43-1308 R.R.S. 2004 states the Board shall “review at least once every six months the case of each child in a foster care placement.” Neb. Rev. Stat. Section 43-1314.01 R.R.S 2004 states, “State Foster Care Review Board shall be responsible for the conduct of periodic reviews which shall be identified as reviews which meet the federal requirements for six-month case reviews pursuant to the federal Adoption Assistance and Child Welfare Act of 1980, Public Law 96-272.”

In our review of the Board’s case files, we noted eight of fifteen child status reviews were not completed within six months of the prior status review. The reviews ranged from 2 to 21 months late. Based on information provided to us by Board management, the number of cases not completed within six months of the prior status review in accordance with the above laws and regulations was 1,428 (38%) as of June 30, 2006, and 1,178 (37%) as of February 28, 2007.

Based on discussion with management of the Board, management indicated they have received significant budget cuts and had to decrease the number of staff who performed foster care reviews. Due to the budget cuts, the Board has created a prioritization method for determining which cases will be reviewed each month. The reviews are prioritized based on IV-E eligible status, children age 0-5, and cases with pending court hearings. The Board was able to generate a report which showed all active foster care cases and the last review which was completed for the case.

When foster care cases are not reviewed every six months, the Board is not in compliance with Federal Regulation and State Statute.

We recommend the Board implement procedures to ensure foster care cases are reviewed every six months in order to be in compliance with Federal Regulation and State Statute.

*Board’s Response: The State Board would like to note that prior to this audit the Board was aware that it has not been funded to review all children in out-of-home care as required by Federal regulations and State Statute. To address this issue the State Board has implemented the following:*

- 1. Requesting additional funding in its Biennium Budget request as well as working with the Appropriations Committee to replace the staff lost in the Budget Cuts.*

NEBRASKA FOSTER CARE REVIEW BOARD

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**2. Case File Review (Concluded)**

*Board's Response, Concluded:*

2. *Adopting a policy whereby children who are IVE eligible are prioritized for review so the state will remain compliant with federal regulations. In addition the State Board has prioritized the review of children birth to age five due to the vulnerability of these children.*

*The Auditor found eight cases of fifteen randomly selected cases were not reviewed within a 6-month timeframe. The Board found that these eight children were from areas where the Board reduced staff and local boards in 2004 due to budget cuts. Those areas were:*

- *North Platte*
- *York*
- *O'Neill*
- *Omaha*
- *Lincoln*

*The Board also found that seven of the eight cases had been reviewed by the Foster Care Review Board prior to the reduction in staff and local boards. Due to the reduction of staff, the Review Board was unable to review these cases every six months.*

*As a result of the staff and local board reductions, and due to the number of children in care, the Board is only able to review 60 - 65% of the children in out-of-home care for 6 months or more. Since 2004, one of the five review specialists cut have been restored to the Board.*

**3. Internal Control Over Payroll**

Good internal control requires reconciliation of the final payroll register to the pre-payroll register be performed by an individual other than the person processing the final payroll register.

There was not a documented reconciliation of the final payroll register to the pre-payroll register. The Staff Assistant II is responsible for final payroll processing. The final payroll register is not reviewed by another individual to ensure there were no errors or omissions.

When the final payroll register is not reviewed by another individual, there is an increased risk errors or omissions would not be detected.

We recommend the Board implement procedures to ensure the final payroll register is reconciled to the pre-payroll register by an individual other than the person processing the final payroll register.

NEBRASKA FOSTER CARE REVIEW BOARD

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**3. Internal Control Over Payroll** (Concluded)

*Board's Response: At the Auditor's suggestion, the Foster Care Review Board immediately implemented a process to reconcile the final payroll register with the pre-payroll register by an individual other than the person processing the final payroll register. This review is documented and will be filed with the Review Board's Payroll Documentation.*

**4. Segregation of Duties Over Fixed Assets**

Good internal control requires an adequate segregation of duties over fixed assets to ensure no one individual is in the position to both perpetrate and conceal errors.

There is a lack of segregation of duties over fixed assets because the review of the Fixed Assets Additions and Retirements Report and the annual asset inventory was completed by an individual who was able to perform fixed asset functions on the Nebraska Information System (NIS).

When one individual is in the position to both perpetrate and conceal errors, there is an increased risk of theft or loss of assets.

We recommend the Board implement procedures to ensure the Fixed Assets Additions and Retirements Report and the annual asset inventory be reviewed and the review be documented by an individual who does not have the ability to change fixed assets on NIS.

*Board's Response: At the Auditor's suggestion, the Foster Care Review Board has immediately implemented procedures where an individual without the ability to change fixed assets on NIS will review the Fixed Assets and Additions & Retirements report and complete the annual asset inventory. The NIS reports will be filed in the FCRB offices and their review documented.*

*The Board would like to note that the Auditor found no matters involving the internal control over financial reporting and its operation that was considered to be material weakness.*

STATE OF NEBRASKA  
Auditor of Public Accounts



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NEBRASKA FOSTER CARE REVIEW BOARD  
**INDEPENDENT ACCOUNTANT'S REPORT**

Nebraska Foster Care Review Board  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Foster Care Review Board (Board) for the fiscal year ended June 30, 2006. The Board's management is responsible for the schedule of revenues, expenditures, and changes in fund balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the schedule of revenues, expenditures, and changes in fund balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Foster Care Review Board for the fiscal year ended June 30, 2006, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2007, on our consideration of the Nebraska Foster Care Review Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial

reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of the Board and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Don Dunlap CPA". The signature is written in a cursive, flowing style.

Assistant Deputy Auditor

March 21, 2007

NEBRASKA FOSTER CARE REVIEW BOARD  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2006

	General Fund 10000	FCRB Cash Fund 27010	Federal Letter of Credit Fund 40000	FCRB Donations Trust Fund 67010	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>					
Appropriations	\$ 1,169,743	\$ -	\$ -	\$ -	\$ 1,169,743
Intergovernmental	-	-	385,507	-	385,507
Miscellaneous	-	6,087	-	2,025	8,112
<b>TOTAL REVENUES</b>	<b>1,169,743</b>	<b>6,087</b>	<b>385,507</b>	<b>2,025</b>	<b>1,563,362</b>
<b>EXPENDITURES:</b>					
Personal Services	1,165,584	-	86,693	-	1,252,277
Operating	4,159	3,060	247,140	6,959	261,318
Travel	-	-	44,445	352	44,797
Capital Outlay	-	-	7,229	-	7,229
<b>TOTAL EXPENDITURES</b>	<b>1,169,743</b>	<b>3,060</b>	<b>385,507</b>	<b>7,311</b>	<b>1,565,621</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,027	-	(5,286)	(2,259)
<b>OTHER FINANCING SOURCES (USES):</b>					
Sales of Assets	-	30	-	-	30
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>30</b>
Net Change in Fund Balances	-	3,057	-	(5,286)	(2,229)
<b>FUND BALANCES, JULY 1, 2005</b>	<b>991</b>	<b>10,272</b>	<b>-</b>	<b>19,628</b>	<b>30,891</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 991</b>	<b>\$ 13,329</b>	<b>\$ -</b>	<b>\$ 14,342</b>	<b>\$ 28,662</b>
<b>FUND BALANCES CONSIST OF:</b>					
General Cash	\$ -	\$ 13,329	\$ -	\$ 14,342	\$ 27,671
Deposits with Vendors	991	-	-	-	991
<b>TOTAL FUND BALANCES</b>	<b>\$ 991</b>	<b>\$ 13,329</b>	<b>\$ -</b>	<b>\$ 14,342</b>	<b>\$ 28,662</b>

The accompanying notes are an integral part of the schedule.

NEBRASKA FOSTER CARE REVIEW BOARD

**NOTES TO THE SCHEDULE**

For the Fiscal Year Ended June 30, 2006

**1. Criteria**

The accounting policies of the Nebraska Foster Care Review Board (Board) are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. Section 81-1107(2) R.S.Supp., 2004, the State of Nebraska Director of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

The Nebraska Information System (NIS) is the official accounting system prescribed by DAS for the State of Nebraska. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS – Accounting Division and available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balances for the Board was obtained directly from the NIS. NIS records accounts receivable and accounts payable as transactions occur. As such certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounts payable liability recorded on NIS, and thus recorded as expenditures, as of June 30, 2006, includes only those payables posted to NIS before June 30, 2006, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2006, **does not** include amounts for goods and services received before June 30, 2006, which had not been posted to NIS as of June 30, 2006.

The Board had no accounts receivable at June 30, 2006. The NIS system does not include liabilities for accrued payroll, and compensated absences.

The fund types established by NIS that are used by the Board are:

**10000 – General Fund** – accounts for all financial resources not required to be accounted for in another fund.

**20000 – Cash Funds** – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

**40000 – Federal Funds** – account for all federal grants and contracts received by the State. Expenditures must be made in accordance with applicable federal requirements.

NEBRASKA FOSTER CARE REVIEW BOARD

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

**60000 – Trust Funds** – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

The major revenue object account codes established by NIS used by the Board are:

**Appropriations** – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

**Intergovernmental** – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

**Miscellaneous** – Revenue from sources not covered by other major categories, such as investment income and reimbursements for non-governmental services.

The major expenditure object account titles established by NIS used by the Board are:

**Personal Services** – Salaries, wages, and related employee benefits provided for all persons employed by the Board.

**Operating** – Expenditures directly related to a program's primary service activities.

**Travel** – All travel expenses for any state officer, employee, or member of any commission, council, committee, or board of the State.

**Capital Outlay** – Expenditures which result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

Other significant object account codes established by NIS and used by the Board include:

**Assets** – Resources owned or held by a government that have monetary value. Assets include cash accounts and deposits with vendors. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded on NIS.

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions increase expenditures and decrease fund balance.

**Other Financing Sources** – Proceeds of fixed asset dispositions.

NEBRASKA FOSTER CARE REVIEW BOARD

**NOTES TO THE SCHEDULE**

(Continued)

**2. State Agency**

The Nebraska Foster Care Review Board is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The schedule includes all funds of the Board.

The Nebraska Foster Care Review Board is part of the primary government for the State of Nebraska.

**3. Totals**

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

**4. General Cash**

General cash accounts are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

**5. Capital Assets**

Under NIS, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures. Capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) would be reported for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). The Board values all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$500 at the date of acquisition and has an expected useful life of two or more years is capitalized. Depreciation expenses would be reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated using the straight-line method with estimated useful lives of three to ten years.

NEBRASKA FOSTER CARE REVIEW BOARD

**NOTES TO THE SCHEDULE**

(Continued)

**5. Capital Assets** (Concluded)

Capital asset activity of the Board for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 65,744	\$ 5,880	\$ -	\$ 71,624
Less accumulated depreciation for:				
Equipment				<u>56,855</u>
Total capital assets, net of depreciation				<u>\$ 14,769</u>

**6. Reconciliation of Bank Records to the Nebraska Information System**

Through their bank reconciliation procedures, DAS State Accounting Division (State Accounting) has identified a large unknown statewide variance between the State Treasurer's bank statements and the State's balances in the general ledger. This unknown variance indicates the bank records are short as compared to the accounting records. Some adjustments to the accounting records may be needed and may affect the fund balances of the Board. At this time, it has not been determined how or when adjustments to the accounting records might be made. State Accounting is unable to determine the affect of such adjustment, if any, on the Board's balances; however, State Accounting believes it will not have a material impact on the Board's operations.

STATE OF NEBRASKA  
Auditor of Public Accounts



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NEBRASKA FOSTER CARE REVIEW BOARD  
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Nebraska Foster Care Review Board  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Foster Care Review Board for the fiscal year ended June 30, 2006, and have issued our report thereon dated March 21, 2007. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Foster Care Review Board's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedule of revenues, expenditures, and changes in fund balances, and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial schedule being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Foster Care Review Board's schedule of revenues, expenditures, and changes in fund balances, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, 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 additional items that we reported to management of the Nebraska Foster Care Review Board in the Comments Section of this report as Comment Number 1 (Contract Compliance), Comment Number 2 (Case File Review), Comment Number 3 (Internal Control Over Payroll), and Comment Number 4 (Segregation of Duties Over Fixed Assets).

This report is intended solely for the information and use of the Board and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Don Dunlap CPA". The signature is written in a cursive style.

Assistant Deputy Auditor

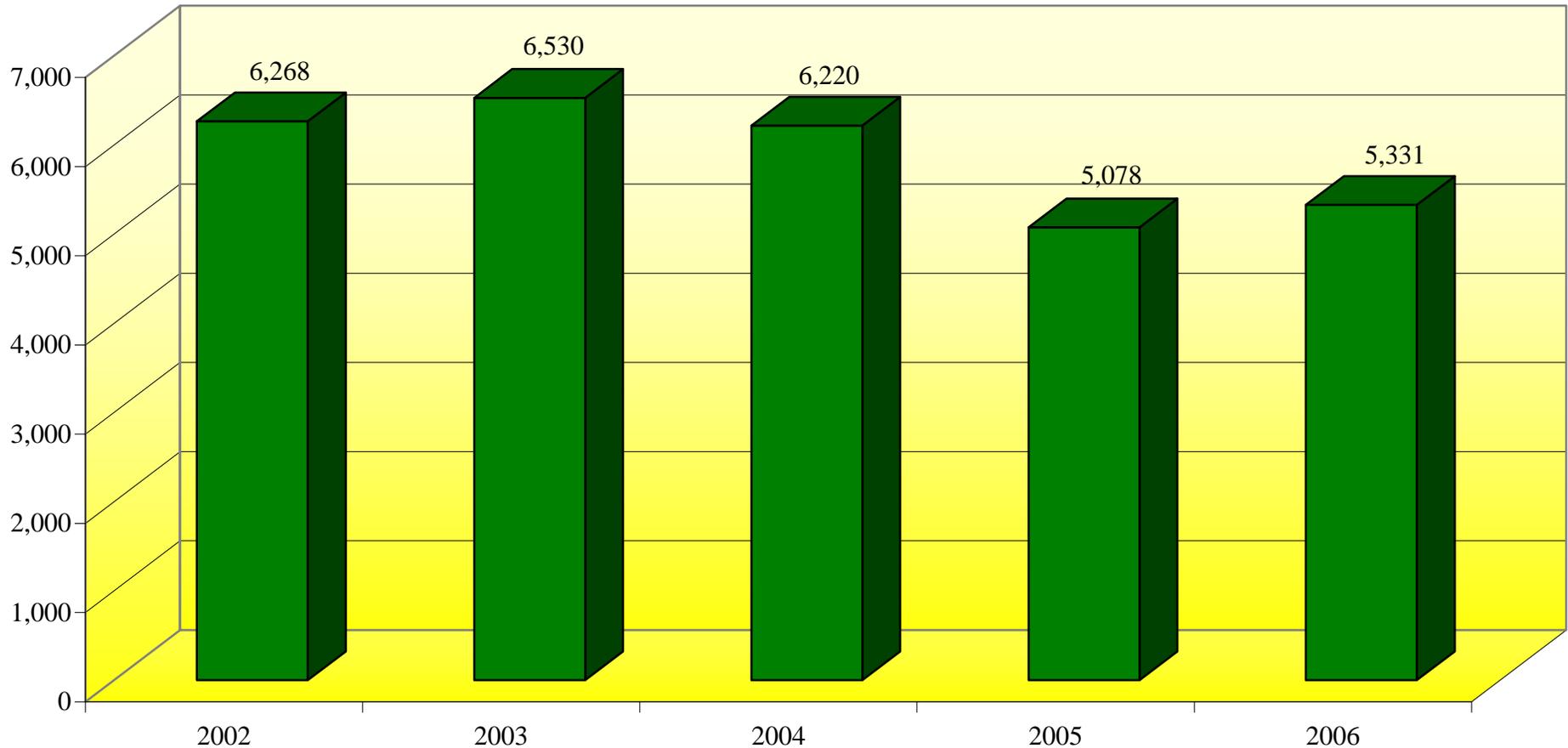
March 21, 2007

NEBRASKA FOSTER CARE REVIEW BOARD

**STATISTICAL SECTION**

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. Statistical Section information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of revenues, expenditures, and changes in fund balances, and, accordingly, we express no opinion on it.

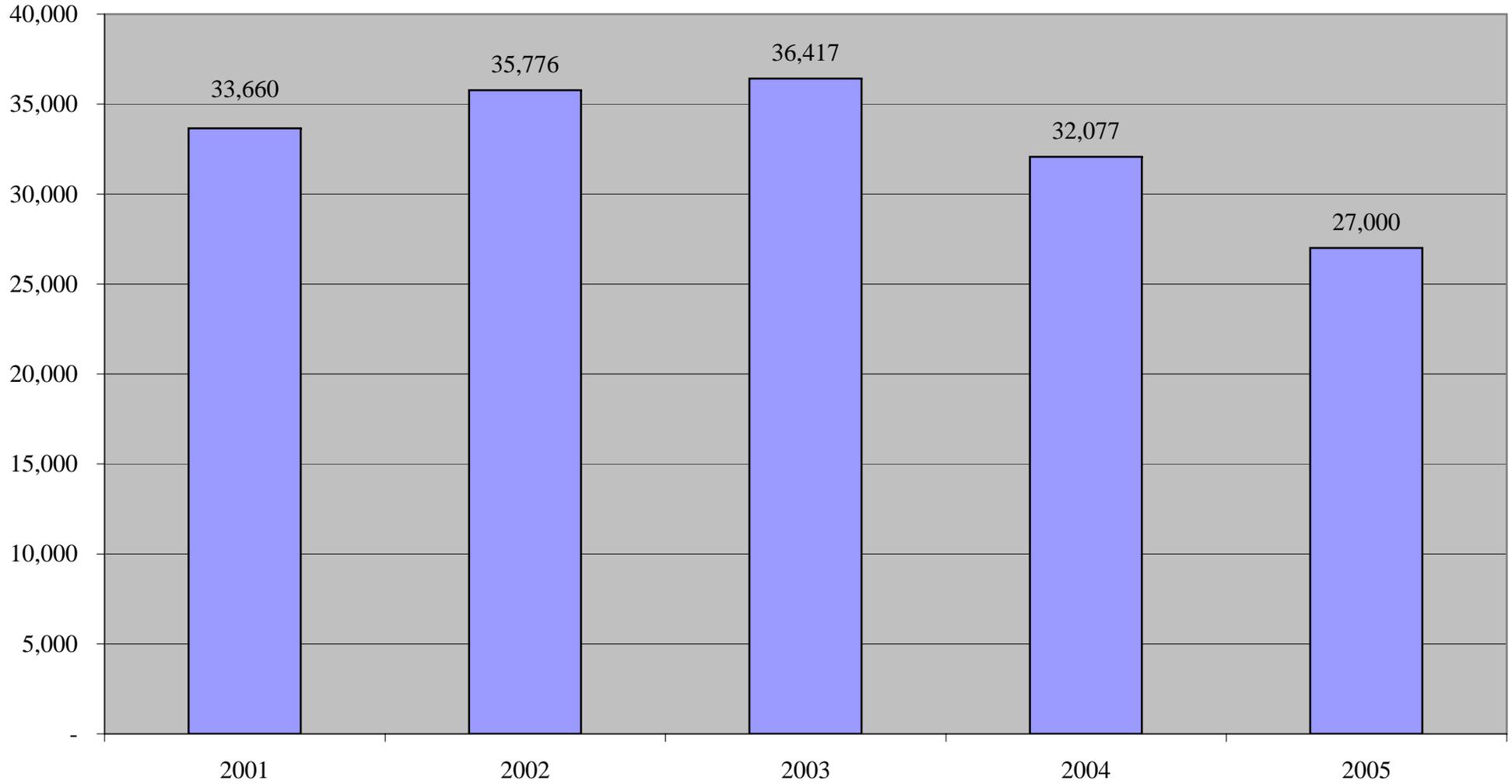
NEBRASKA FOSTER CARE REVIEW BOARD  
NUMBER OF REVIEWS CONDUCTED  
For the Fiscal Years Ended June 30, 2002 Through 2006



**Note 1:** Due to budget cuts of over 16%, the Board was forced to cut five of twenty Review Specialist positions in the first half of FY 2005, which reduced the number of reviews conducted.

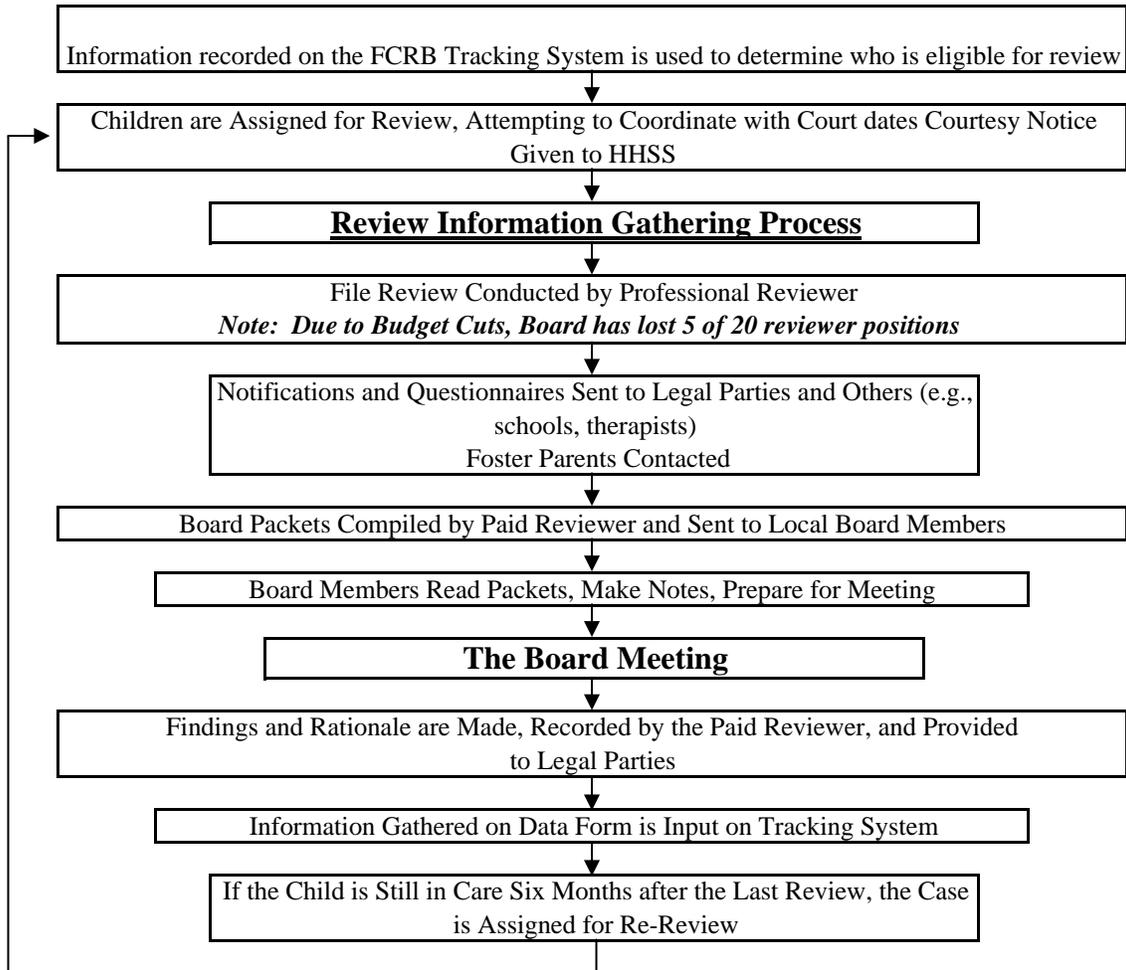
**Note 2:** Number of reviews will not agree with the numbers reported in the fiscal year 2004 report as the prior report reported the number of reviews on a calendar basis. The number of reviews noted above are on a fiscal year basis.

**NEBRASKA FOSTER CARE REVIEW BOARD**  
**LOCAL BOARD MEMBER VOLUNTEER HOURS**  
For the Calendar Years Ended December 31, 2001 Through 2005



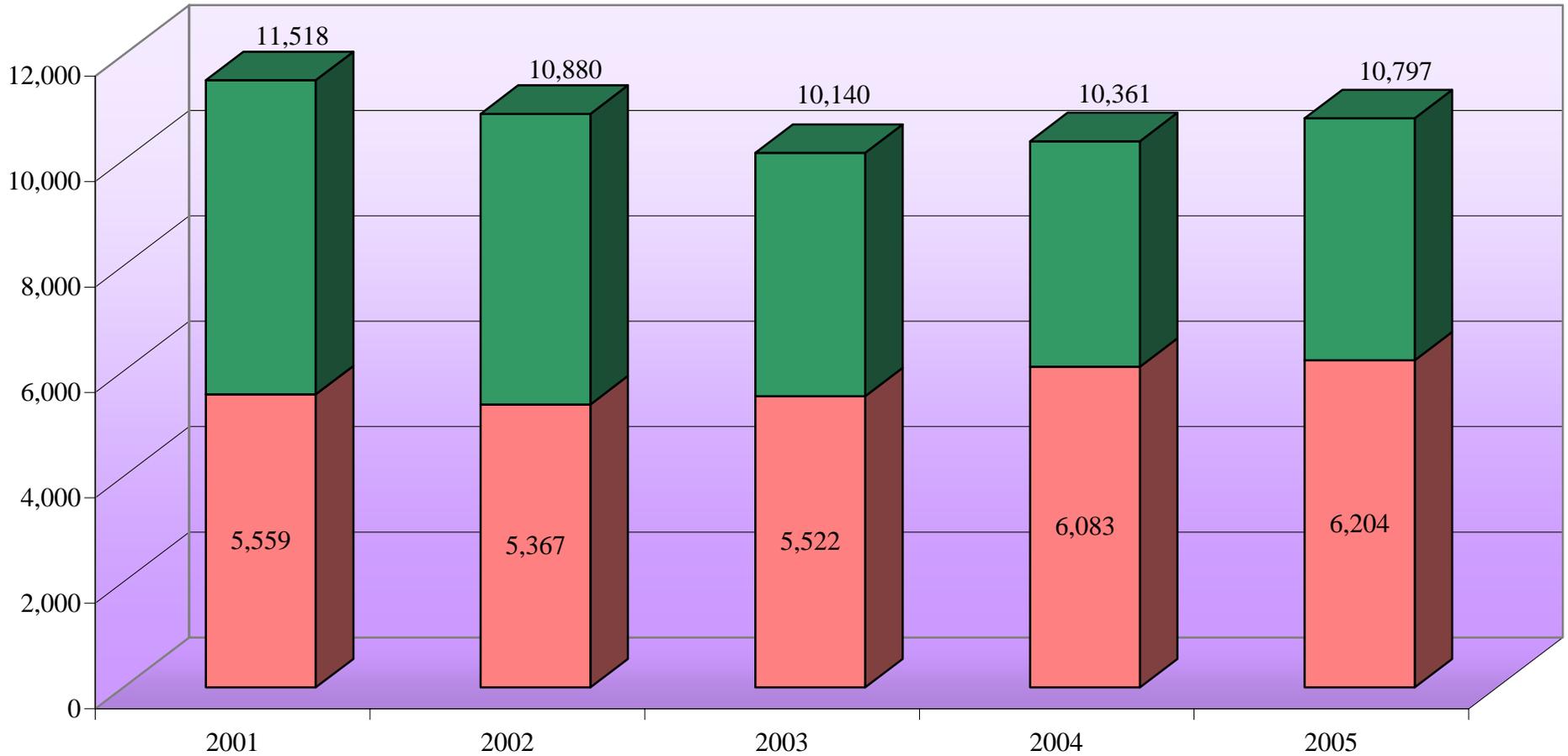
**Note:** The Foster Care Review Board has decreased the number of staff who assist with case reviews due to board budget cuts. Consequently, the Local Boards' volunteer hours have decreased greatly in 2005.

**NEBRASKA FOSTER CARE REVIEW BOARD  
THE REVIEW PROCESS**



Note: This is the first fiscal year the average cost per review was calculated based on the review process noted above. The prior fiscal years were not readily available to report. The average cost per review considers the Board expenditures related to the actual reviews. Administrative expenses and expenditures related to case tracking were not used to calculate the average cost per review. The average cost per review reported in the prior report will not provide an accurate comparison as total expenditures, not expenditures directly related to the reviews, were used to calculate the average cost.

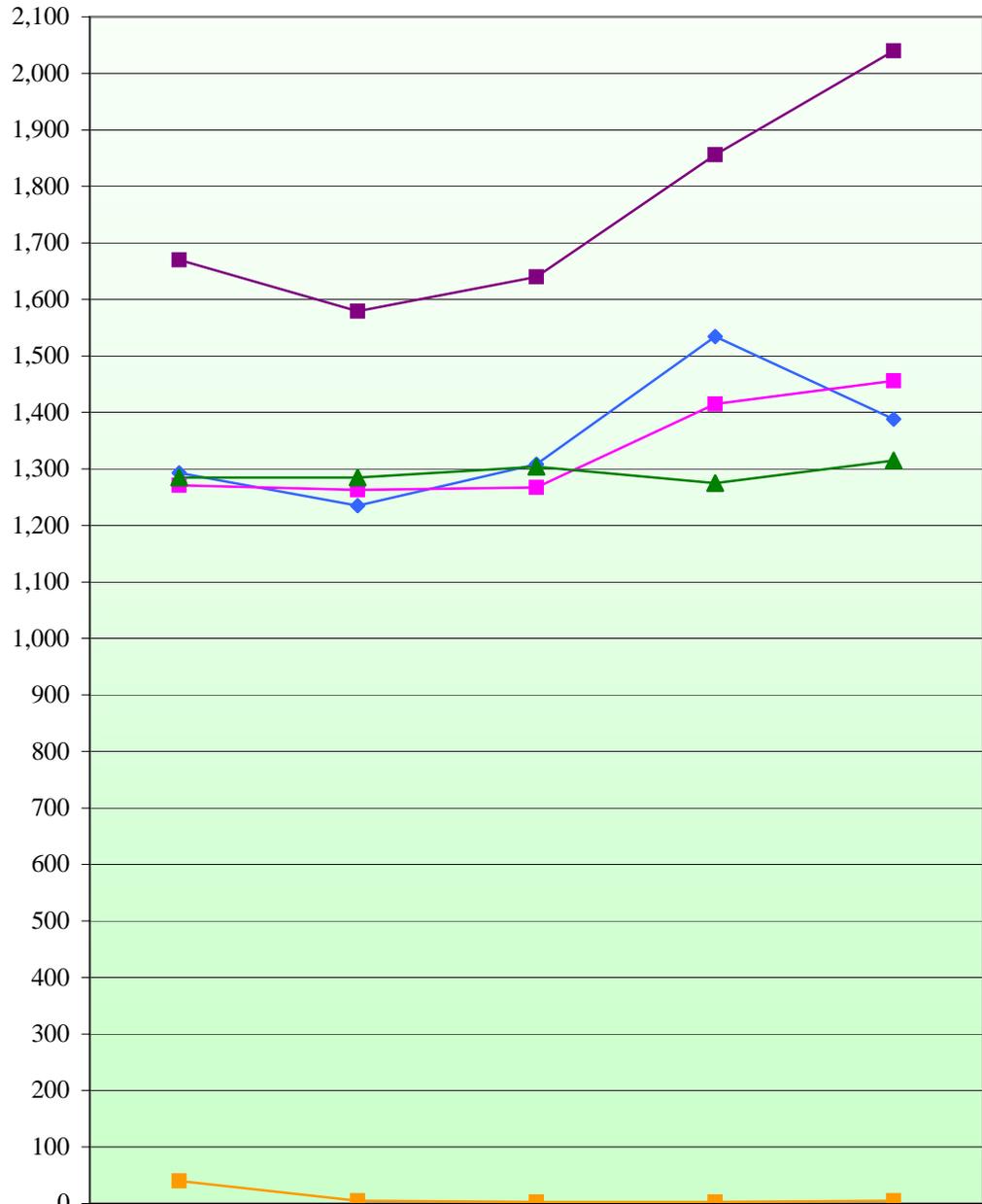
**NEBRASKA FOSTER CARE REVIEW BOARD**  
**CHILDREN WHOSE CASE WAS ACTIVE DURING THE CALENDAR YEAR**  
 For the Calendar Years Ended December 31, 2001 Through 2005



■ Children in the Foster Care System at December 31

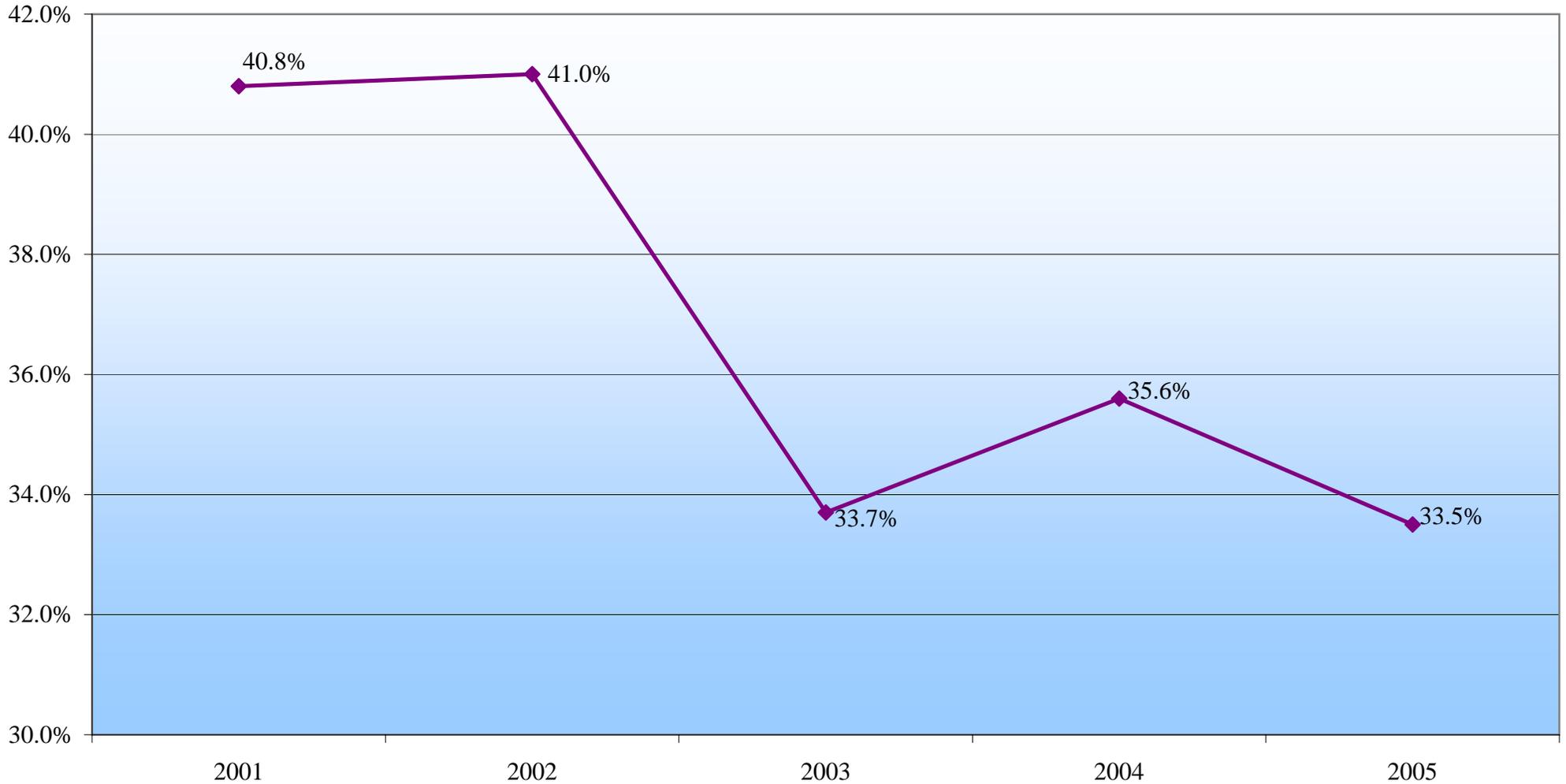
**Note:** The graph represents the total number of children whose case was active at any time throughout the calendar year, and represents the number of cases tracked by the Foster Care Review Board. The portion noted as the children in foster care at December 31 represents the portion of the total active cases during the calendar year with remain open at December 31.

**NEBRASKA FOSTER CARE REVIEW BOARD**  
**CHILDREN IN THE FOSTER CARE SYSTEM AT DECEMBER 31 BY AGE**  
 For the Calendar Years Ended December 31, 2001 Through 2005



	2001	2002	2003	2004	2005
◆ Infants & Preschoolers (0-5)	1,293	1,235	1,308	1,534	1,388
■ Elementary School (6-12)	1,271	1,263	1,267	1,415	1,456
▲ Young Teens (13-15)	1,285	1,285	1,304	1,275	1,315
■ Older Teens (16+)	1,670	1,579	1,640	1,856	2,040
■ Age Not Reported	40	5	3	3	5
<b>Total</b>	<b>5,559</b>	<b>5,367</b>	<b>5,522</b>	<b>6,083</b>	<b>6,204</b>

NEBRASKA FOSTER CARE REVIEW BOARD  
**CHILDREN IN THE FOSTER CARE SYSTEM AT DECEMBER 31 WITH PRIOR REMOVAL**  
For the Calendar Years Ended December 31, 2001 Through 2005



**Note:** This rate represents the percentage of the children in the foster care system at December 31 who, after being reunited with their families, have been returned to the foster care system.