



## **AUDIT COMMITTEE CHARTER**

(Approved by the Board of Directors – October 22, 2014)

### **Purpose**

The Audit Committee shall represent and assist the Board in fulfilling its oversight responsibilities regarding:

- The integrity of the Corporation's financial information reported to the public and the adequacy of the Corporation's internal controls;
- The qualifications, independence and performance of the Corporation's Independent Auditors;
- The performance of the Corporation's internal audit function;
- The Corporation's compliance with legal and regulatory requirements; and
- The review and evaluation of the Corporation's enterprise risk management policies and processes.

The Audit Committee shall prepare the audit committee report for inclusion in the Corporation's proxy statement.

Management is responsible for the Corporation's internal controls and the financial reporting process. The Independent Auditors are responsible for performing an independent audit of the Corporation's consolidated financial statements and issuing a report on these financial statements. The Audit Committee represents and assists the Board in fulfilling its oversight responsibility regarding the Corporation's internal controls, financial reporting and independent auditing processes as set forth in this charter.

### **Membership**

The Audit Committee shall consist of a minimum of at least three members of the Board of Directors. Members of the Committee shall be appointed by the Board of Directors upon the recommendation of the Corporate Governance Committee and may be removed by the Board of Directors in its discretion. All members of the Committee shall satisfy all applicable independence requirements, as determined by the Board of Directors. Each member of the Committee shall be financially literate, as determined by the Board of Directors. In addition, at least one member of the Committee shall be an "audit committee financial expert," as determined by the Board in accordance with Securities and Exchange Commission rules.

### **Matters Pertaining to Independent Auditors**

The Independent Auditors shall have sole accountability to the Audit Committee.

The Audit Committee shall appoint (subject to ratification by the Corporation's shareholders), compensate, oversee the work of and remove, as appropriate, the Independent Auditors.

In connection with its oversight of the Independent Auditors, the Audit Committee shall:

- Review and approve in advance the terms of the engagement of the Independent Auditors, including the scope of their audit, proposed fees and personnel qualifications.
- Approve in advance all audit and permissible non-audit services to be provided by the Independent Auditors, and develop and oversee policies and procedures for the pre-approval of audit and permissible non-audit services to be provided by the Independent Auditors.
- Review and discuss with management their evaluation of the Independent Auditors' capabilities and performance.
- Consider, and periodically review and discuss with the Independent Auditors, their qualifications, independence and performance, including at least annually, receiving and reviewing a report by

the Independent Auditors describing any relationships between the Independent Auditors or their affiliates, and the Corporation or persons in a financial reporting oversight role at the Corporation, that may reasonably be thought to bear on the independence of the Independent Auditors and discussing the potential effects of any such relationships on the independence of the Independent Auditors.

- Receive and review communications from the Independent Auditors required by Securities and Exchange Commission rules and applicable professional standards.
- Annually, receive and review the Independent Auditors' report on:
  - the Independent Auditors' internal quality-control procedures; and,
  - any material issues raised by the most recent internal quality-control review, or inspection report of, or proceeding against, the Independent Auditors, or by any inquiry or investigation by any governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Independent Auditors' firm, and any steps taken to deal with any such issues.
- Establish and oversee policies for hiring employees and former employees of the Independent Auditors.
- Review and discuss with the Independent Auditors, its view of the quality of the Corporation's financial and accounting personnel.

#### **Matters Pertaining to the General Auditor and Chief Risk Officer, Risk Assessment and Risk Management**

The Audit Committee shall:

- Review with the General Auditor the risk assessment process, results, and resulting annual Audit Plan for the upcoming year, including adequacy of staffing and qualifications of the staff.
- Review with the General Auditor, quarterly, the results of Internal Audit activities, including changes to the Audit Plan and findings of audits and special investigations.
- Oversee the Corporation's financial risks, and review and discuss with management the Corporation's enterprise risk management framework and process for identifying, assessing, and monitoring key business risks.
- Report to the entire Board, at least annually, with respect to matters related to enterprise risks and risk management.
- Review and assess the independence of the internal audit function, indicating adequacy of resources and overall performance.

#### **Matters Pertaining to Filings with Government Agencies**

The Audit Committee shall:

- Meet to review and discuss with the Independent Auditors and management the Corporation's Form 10-K, including the Corporation's annual audited financial statements and disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and determine whether to recommend for Board approval the inclusion of the financial statements in the Form 10-K for filing with the Securities and Exchange Commission.
- Meet to review and discuss with the Independent Auditors and management the Corporation's quarterly financial statements and disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- Discuss with management and the Independent Auditors the procedures employed to promote compliance with Sarbanes/Oxley sections 302 and 404, including policies and procedures regarding adequacy of internal controls over financial reporting and disclosure controls.

- Prepare and approve the audit committee report that the Securities and Exchange Commission requires for the Corporation's proxy statement.

### **Controls; Significant Accounting Policies**

The Audit Committee shall:

- Review with the Independent Auditors and management both Management's Assessment and the Independent Auditors' Annual Report on the effectiveness of the Corporation's Internal Controls.
- Review with management the adequacy and effectiveness of the Corporation's internal controls, financial controls, and disclosure controls and procedures.
- Review with management and the Independent Auditors the Corporation's significant accounting policies. Review with the Independent Auditors any audit problems, differences or difficulties and management's response.

### **Press Releases and Earnings Guidance**

The Audit Committee shall:

- Review with management and the Independent Auditors the earnings press releases.
- Periodically discuss with management and the Independent Auditors policies regarding earnings releases, financial information and earnings guidance provided to analysts and rating agencies.

### **Compliance and Legal Matters**

The Audit Committee shall:

- Review at least annually the Corporation's Compliance Program, including the Corporation's Code of Ethics and the effectiveness of the Compliance Program in detecting and preventing violations, with the Corporation's Chief Compliance Officer. Notwithstanding the annual compliance program review, the Chief Compliance Officer shall have the authority to communicate directly to the Audit Committee, promptly, about actual and alleged violations of the Corporation's Code of Ethics, including any matters involving criminal or potential criminal conduct.
- Review with the Corporation's General Counsel material litigation and other legal matters as appropriate.
- Establish, oversee and review procedures for:
  - receipt, retention and treatment of complaints regarding the Corporation's accounting, internal accounting controls and auditing matters, and federal securities law reporting and disclosure matters; and
  - the Corporation's employees to submit confidentially and anonymously concerns regarding questionable accounting and auditing matters.
- Review compliance issues relating to the administration of the Corporation's Medicare and Medicaid programs

### **Other Matters**

In order to carry out and effectuate its purpose, the Audit Committee shall periodically meet separately with the Corporation's:

- Independent Auditors;
- General Auditor and Chief Risk Officer;
- Chief Compliance Officer; and
- Management.

The Audit Committee also shall meet in executive session without management as circumstances warrant.

In order to carry out its responsibilities, the Audit Committee shall also:

- receive appropriate funding from the Corporation for the payment of such ordinary administrative expenses as the Committee determines are necessary or appropriate for carrying out its duties;
- have the authority to:
  - in its sole discretion, engage external counsel and advisers to the Committee, and shall receive appropriate funding from the Corporation, as determined by the Committee, for payment of compensation to any such counsel and advisers;
  - conduct or authorize investigations into any matters within the scope of the Committee's responsibilities; and
  - delegate its duties and responsibilities to a subcommittee comprised of one or more Committee members.

The Audit Committee shall report regularly to the Board with respect to its activities and decisions.

#### **Performance Evaluation and Charter Review**

The Audit Committee shall annually:

- evaluate and assess its performance; and
- reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.