

**AUDIT COMMITTEE CHARTER  
OF COMPUTER PROGRAMS AND SYSTEMS, INC.**

**I. PURPOSE.**

A. The primary purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") of Computer Programs and Systems, Inc. (the "Company") in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process, including by appointing, determining the compensation of, and overseeing the work of the Company's independent auditors and reviewing (i) the financial reports and other financial information provided by the Company to any governmental or regulatory body, the stockholders, the public or other users thereof, (ii) the Company's accounting policies, systems of internal accounting and financial controls, and (iii) the annual independent audit of the Company's financial statements.

B. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or other experts for this purpose. The Committee is in place to represent the Company's stockholders; accordingly, the independent auditors are ultimately accountable to the Committee.

**II. MEMBERSHIP.**

A. The Committee shall be comprised of not less than three directors. The members of the Committee shall be elected by the Board annually and may be removed by the Board at any time. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

B. All of the members of the Committee shall be independent as required by Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules promulgated by the Securities and Exchange Commission (the "SEC") and the rules of the National Association of Securities Dealers, Inc.

C. All members of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. At least one director must have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, which will be sufficient to qualify such director as an "audit committee financial expert" for purposes of SEC rules.

**III. MEETINGS.**

The Committee shall hold regular meetings at least four times annually, and shall hold special meetings more frequently as circumstances require. The timing of the meetings shall be determined by the Committee. Notwithstanding the foregoing, the Committee shall meet at any time that the independent auditors believe communication to the Committee is required. At each regular

meeting the Committee will meet separately with representatives of the independent auditors and management, if any. Minutes shall be kept of each meeting of the Committee.

#### **IV. KEY RESPONSIBILITIES.**

A. The Committee's job is one of oversight and it recognizes (i) that the Company's management is responsible for preparing the Company's financial statements and (ii) that the independent auditors are responsible for auditing those financial statements. Additionally, the Committee recognizes that management, as well as the outside auditors, have more time, knowledge and more detailed information on the Company than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the outside auditor's work.

B. The following functions shall be the common recurring activities of the Committee in carrying out its oversight function. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

To fulfill its responsibilities and duties, the Committee shall:

*With respect to the independent auditors:*

1. Have the sole authority to appoint or replace the independent auditor (subject to stockholder ratification, if the Board provides for such stockholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting). The independent auditor shall report directly to the Committee.

2. Have the sole authority to review in advance, and grant any appropriate pre-approvals of (i) all auditing services to be provided by the independent auditor and (ii) all non-audit services to be provided by the independent auditor as permitted by Section 10A of the Exchange Act, and in connection therewith to approve all fees and other terms of engagement. The Committee may delegate pre-approval authority to one or more members of the Committee. The decisions of any member(s) to whom pre-approval authority is delegated must be presented to the full audit committee at its next scheduled meeting. The Committee shall also review and approve disclosures required to be included in SEC periodic reports with respect to non-audit services.

3. Review the scope and plan of the work to be done by the independent auditors for each year and review the performance of the independent auditors on at least an annual basis.

4. On an annual basis, review and discuss with the independent auditor all relationships the independent auditor has with the Company in order to evaluate the independent auditors' continued independence. The Committee shall ensure that the independent auditors submit to the Committee on an annual basis a written statement (consistent with Independent Standards Board

Standards No. 1) delineating all relationships and services that may impact the objectivity and independence of the independent auditors.

5. At least annually, obtain and review an annual report from the independent auditors describing (i) the independent auditors' internal quality control procedures and (ii) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues.

*With respect to financial statements and disclosure matters:*

6. Review and discuss with management and the independent auditors the Company's quarterly financial statements (including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's Quarterly Reports on Form 10-Q and the independent auditors' review of the quarterly financial statements) prior to submission to stockholders, any governmental body, any stock exchange or the public.

7. Review and discuss with management and the independent auditors the Company's annual audited financial statements (including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's Annual Report on Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

8. Discuss with the independent auditors the results of the annual audit and the matters required to be discussed under generally accepted auditing standards and Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit.

9. Recommend to the Board of Directors, if appropriate, that the Company's annual audited financial statements be included in the Company's Annual Report on Form 10-K for filing with the SEC.

10. Prepare the report required by the SEC to be included in the Company's annual proxy statement.

11. Periodically review separately with each of management and the independent auditors (i) any significant disagreement between management and the independent auditors in connection with the preparation of the financial statements, (ii) any difficulties encountered during the course of the audit (including any restrictions on the scope of work or access to required information), and (iii) management's response to each.

12. Periodically discuss with the independent auditors, without management being present, (i) their judgments about the quality, appropriateness, and acceptability of the Company's

accounting principles and financial disclosure practices, as applied in its financial reporting, and (ii) the completeness and accuracy of the Company's financial statements.

13. Obtain and review an annual report from management relating to the accounting principles used in preparation of the Company's financial statements (including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof).

14. Receive a report from the independent auditors, prior to the filing of its audit report with the SEC, regarding all critical accounting policies and practices of the Company, and all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditors, and other material written communications between the independent auditors and management.

15. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the independent auditors, and management. Review with the independent auditors and management at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.

16. Review with management and the independent auditors the Company's counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including significant changes in accounting standards or rules as promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities.

17. Review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.

*With respect to internal controls:*

18. Review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.

19. In consultation with management and the independent auditors review the adequacy of the Company's internal control structure and system, and the procedures designed to ensure compliance with laws and regulations.

20. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form

10-Q's about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

*With respect to other matters:*

21. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

22. Oversee the legal compliance and ethics programs established by management and the Board that relate to the Company's financial reporting process.

23. Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance.

24. Receive and review corporate attorneys' reports of evidence of material violations of securities laws or breaches of fiduciary duty.

25. Approve all transactions between the Company and a Related Party, as defined by applicable NASD rules.

26. Establish a hiring policy for employees or former employees of the independent auditors that complies with applicable SEC and/or NASD requirements.

27. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board deems necessary or appropriate, including, but not limited to the Company's legal and regulatory compliance.

## **V. RESOURCES**

A. The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

B. The Committee shall determine the extent of funding necessary for payment of compensation to the independent auditors for purposes of rendering or issuing the annual audit report and to any independent legal, accounting and other consultants retained to advise the Committee.

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