

Appendix A

INTEGRAL SYSTEMS, INC. AUDIT COMMITTEE CHARTER Adopted June 14, 2000, as Amended and Restated February 4, 2004

I. PURPOSE

The primary purpose of the Audit Committee (the "Audit Committee") of Integral Systems, Inc. (the "Company"), is to oversee the Company's accounting and financial reporting processes and the audits of the Company's financial statements, including (i) the integrity of the Company's financial statements and financial reporting process and the Company's systems of internal accounting and financial controls; (ii) the performance of the internal audit function; (iii) the annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the qualifications, independence and performance of the Company's independent auditors; (iv) the compliance by the Company with legal and regulatory requirements relating to the Company's accounting and financial reporting processes and the audits of the Company's financial statements, including, without limitation, the Company's disclosure controls and procedures; (v) fostering open communication between the Board of Directors of the Company (the "Board of Directors"), senior management of the Company and the independent auditors; and (vi) the fulfillment of the other responsibilities set forth herein.

II. ORGANIZATION/COMPOSITION

The Board of Directors shall appoint the members of the Audit Committee, which shall consist of at least three directors (with the exact number to be determined from time to time by resolution of the Board of Directors), each of whom shall meet the independence and experience requirements of the Nasdaq Stock Market and other applicable laws and regulations (including, without limitation, the rules and regulations of the Securities and Exchange Commission) and shall be free from any relationship that would interfere with the exercise of independence in the performance of his or her duties as an Audit Committee member. The Board of Directors shall elect one of the members of the Audit Committee to act as Chairman of the Audit Committee. Each of the members of the Audit Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. None of the members of the Audit Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. At least one member of the Audit Committee shall be an "audit committee financial expert," as such term is defined under the rules and regulations of the Securities and Exchange Commission. In addition, at least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in his or her financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

III. MEETINGS

The Audit Committee shall meet from time to time upon the call of any of the members of the Audit Committee, or the Chairman of the Board of Directors of the Company, on 24 hours notice to each member of the Audit Committee, either personally or by telephone or by mail, telegraph, telex, cable, wireless or other similar form of communication. Notice of any such meeting need not be given to any member of the Audit Committee, however, if waived by him or her in writing (or by telegraph, telex, cable, wireless or other form of recorded communication), or if he or she shall be present at such meeting. At all meetings of the Audit Committee, a majority of the members of the Audit Committee then in office immediately before the meeting begins shall constitute a quorum for the transaction of business. The meeting may be convened at a location selected by the Audit Committee members or at the same location where the quarterly meeting of the Board of Directors is held if such Audit Committee meeting is held either immediately before or immediately after such quarterly meeting of the Board of Directors. The meeting of the Audit Committee may also be held by conference call or other communications equipment if all persons participating in the meeting can hear each other at the same time. The Chairman of the Audit Committee shall be responsible for conducting the meetings and the Audit Committee members shall have sole discretion to formulate the agenda and select attendees for the meetings. The Audit Committee shall regularly report to the full Board of Directors in a timely fashion on its activities and findings and put forward any recommendations or comments.

Prior to each Audit Committee meeting and no less than on a quarterly basis, the Audit Committee shall be responsible for meeting with at least one member from senior management and the independent auditors either in person or by telephone to discuss the Company's financial statements to be filed with Securities and Exchange Commission for the most recent calendar quarter and fiscal year to date period. This meeting will be for the purpose of reviewing the financial statements and any significant accounting issue that may have arisen in the preparation of the financial statements, including but not limited to accounting estimates, financial disclosure, accounting principles and disagreements (if any) with the independent auditors.

IV. FUNDING

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) compensation to any advisors employed or retained by the Audit Committee and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

V. RESPONSIBILITIES AND DUTIES

In addition to the other responsibilities and duties set forth herein, the Audit Committee shall:

1. Review and periodically reassess this Charter at least annually, and recommend any proposed changes to the Board of Directors for approval.
2. Select, evaluate, appoint, replace and oversee the independent auditors.
3. Approve guidelines for the retention of the independent auditors for any non-audit services in accordance with applicable laws and regulations, including, without limitation, the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the Securities and Exchange Commission thereunder, and determine procedures for the approval of audit and non-audit services in advance. In accordance with such procedures, the Audit Committee shall approve in advance any and all audit services, including audit engagement fees and terms, and non-audit services provided to the Company by the independent auditors (subject to the de minimus exception for non-audit services contained in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended), all as required by applicable law or listing standards.
4. Obtain from the Company's independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard No. 1, discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the independent auditors, and take or recommend that the Board of Directors take appropriate action to oversee the independence of the independent auditors.
5. Evaluate the qualifications, performance and independence of the independent auditors, including whether the provision of non-audit services is compatible with maintaining the auditors' independence, and taking into account the opinion of management. This shall include a review and discussion of the annual communication as to independence delivered by the independent auditors (Independence Standards Board Standard No. 1 – "Independence Discussions with Audit Committees").
6. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
7. Review information received from the independent auditors regarding the scope of the audit and the audit procedures to be used in the course of the current year's audit. At the conclusion of the audit, discuss with the independent auditors the Company's annual financial statements and the independent auditors' report on the financial statements. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as may be modified or supplemented, relating to the conduct of the audit. Inquire of the independent auditors about the appropriateness of the significant accounting estimates, financial disclosures and accounting principles of the Company. Review and discuss with management the annual audited financial statements and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
8. Discuss with the independent auditors and management disagreements, if any, that arose during the course of the audit and preparation of the financial statements. Review and discuss with management and the independent auditors any significant findings or recommendations made by the independent auditors during the course of the audit and management response to these findings. Inquire of the independent auditors if any changes were made to the initial scope and plan of the audit and reasons for these changes.
9. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
10. Perform any other activities, on an as needed basis, to allow the Audit Committee to perform its duties under this charter and fulfill its obligations under the rules of the Nasdaq Stock Market and other applicable laws and regulations.
11. Perform such other activities, consistent with this charter, the Company's bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors.