



AUDIT COMMITTEE CHARTER

Purpose

This charter sets forth the authority and responsibilities of the Audit Committee of the Board of Directors of Univest Corporation and its subsidiaries.

The Committee assists the Board in fulfilling its fiduciary responsibilities and its statutory responsibilities with respect to the regulatory requirements of the Sarbanes-Oxley Act and the listing standards of the Nasdaq Stock Exchange, including, but not limited to oversight and review of:

- the financial reporting process and the integrity of that process, including audits of financial statements
- the system of internal controls and the effectiveness of that system
- the qualifications, engagement, compensation, and replacement of the independent public auditor
- ongoing performance oversight of the independent auditor and the internal audit function
- compliance with legal and regulatory requirements
- responsibility to establish procedures for complaints
- other special and ongoing activities directed by the Board of Directors

On a regular basis, the Committee will report on its activities to the full Board of Directors and make recommendations as appropriate.

Authority

The Audit Committee has the authority to evaluate, appoint, compensate, and replace the independent auditor and to approve all non-audit engagements with the independent auditor. In doing so, the Committee may consult with management but shall not delegate these responsibilities to management. The independent auditor shall report directly to the Audit Committee.

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Corporation and its subsidiaries, including the power to retain independent counsel, accounting, or other consultants to provide specialized advisement services. Univest shall provide the appropriate funding for the compensation of such consultants so employed by the Audit Committee. The Committee may request any employee of the Corporation's independent auditor or other advisors to attend a meeting of the Committee or to meet with any named members or consultant to the Committee.

Membership

The Audit Committee shall consist of no fewer than three members, each of whom shall be independent and financially literate under the applicable guidelines of the SEC and Nasdaq. At least one member of the committee shall have accounting or related financial management expertise to meet the definition of a "financial expert."

Audit Committee members will serve at the discretion of the Board of Directors and may be removed at any time. Members of the Univest Audit Committee shall not simultaneously serve on the audit committee of more than two other public companies.

The composition of the Audit Committee and its independence will be reviewed annually by the Nominating Committee with recommendations for changes made to the Board of Directors.

Meetings

The Committee will meet as often as necessary, but not less frequently than quarterly. All Committee members are expected to attend each meeting. Periodically, the Committee will hold meetings with management, the internal auditor, the external auditor, and others it may deem appropriate, including consultants, outside counsel, and Univest staff members qualified to provide expertise and insight into matters being discussed.

Minutes of all meetings will be kept by a member of the Committee or by a person designated by the Committee. All minutes shall be reported to the full Board of Directors.

Duties and Responsibilities

The committee should take the appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior. The following shall be the principal recurring processes of the audit committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the committee may supplement them as appropriate.

A. Independent Auditors

- The independent auditors will report directly to the Audit Committee; they are ultimately accountable to the full Board. The Audit Committee shall be responsible for evaluating the firm’s qualifications and staff experience, the hiring, compensation of, and for replacing the independent auditors, as appropriate.
- Meet with the independent auditors at the onset of the engagement to discuss the planning, scope, and staffing of the audit, including coordination with internal audit. Review the qualifications of the independent auditor’s engagement team.
- Receive a formal written statement from the independent auditor listing all relationships between Univest and the independent auditor consistent with the matters set forth by the Independence Standards Board; engage in active dialogue regarding any disclosed relationships impacting objectivity or auditor independence. Take appropriate actions.
- Discuss with management the timing for rotating certain partners of the independent auditor, including the rotation of the audit firm itself.
- Pre-approve all allowable non-audit services to be provided by the independent auditor, including the fees and terms. Pre-approval authority may be delegated to one or more members of the Audit Committee; such approvals shall be presented to the full Audit Committee at its next meeting.
- Establish policies for the hiring of former employees of the independent auditor and incorporate these policies into the Corporation’s Human Resources procedures.
- Oversee restrictions on the improper influence, coercion, manipulation, or purposeful misleading of the independent auditor by employees, officers, and directors. Review with the independent auditors any problems encountered in the course of the audit engagement.

- Review and approve the internal audit function's responsibilities and performance, including compensation, staffing, audit scope, and other matters of audit quality and integrity.
- Report to the full Board the results of all significant Audit Committee evaluations, processes, and findings, including implementation of recommended changes.

B. Internal Audit

- Discuss with management the performance, staffing, and organizational structure of the internal audit function, including staff qualifications and the provision of adequate resources necessary to fulfill its duties. Take into consideration the review of the Internal Audit function performed by the Independent Auditor.
- Periodically review performance vs. plan and approve recommended changes.
- Discuss internal audit's compliance with the Institute of Internal Auditors "Standards of Professional Practice of Internal Auditing."
- Review internal audit's annual risk assessment conducted through meetings with individual business units and the Chief Risk Officer.
- Review significant reports to management prepared by internal audit, including management's responses and any difficulties encountered during the course of any internal audit, including access to any requested information.
- Discuss the adequacy of internal control requirements performed by Internal Audit, such as FDICIA and Section 404 of the Sarbanes-Oxley Act.

C. Financial Statements and Disclosures

- Review and discuss with management and the independent auditor the Corporation's annual audited financial statements, including any significant, unusual, or complex transactions, any significant financial reporting issues and judgments made in connection with the preparation of the financial statements, any significant changes to the application of accounting principles, any major issues concerning the adequacy of the Corporation's internal controls and any material control deficiencies.
- Understand the impact on the Corporation's financial statements on any recent professional, accounting or regulatory initiatives.
- Review and discuss with management and the external auditor the Corporation's annual audited financial statements and recommend to the Board of Directors whether they should be included in the Corporation's Form 10-K.
- Discuss with management and the independent auditor, on an exception basis, the Corporation's quarterly statements, including the results of the independent auditor's review of the quarterly financial statements, prior to filing the Form 10-Q.
- Review and discuss reports from the independent auditor on the following issues prior to the filing of the audit report with the SEC:
 - all critical accounting principles and practices to be used, including the basis for any significant changes

- all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
 - other material written communications between the external auditor and management, such as any management letter or schedules of unadjusted differences
 - difficulties encountered in the course of the auditor work, including any restrictions on the scope of activities or access to requested information, any significant disagreements with management, and any communications with respect to accounting issues presented by the engagement
- Review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards, including matters required to be discussed by Statement on Auditing Standards No. 61 and 90, relating to the conduct of the audit, and any significant disagreements with management.
 - Review with management the information in the Corporation's earnings announcements, including the use of "pro forma" or "adjusted" non-GAAP information, prior to their release.
 - Monitor the Corporation's progress in promptly addressing and correcting any and all identified weaknesses or deficiencies in financial reporting, internal controls or related matters.
 - Review disclosures made to the Audit Committee by the Corporation's CEO and CFO regarding all matters these officers are required to certify regarding the Form 10-K and 10-Q, including any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud, whether or not material, involving management or other employees who have a significant role in internal controls.
 - Review and approve reports and disclosures of insider and affiliated-party transactions.

D. Internal Controls

- Discuss with the independent auditors and internal audit any weaknesses or deficiencies identified relating to financial reporting, internal controls, or other related matters, including information security and control. Identify material weaknesses and procedures and timeframes for correcting such weaknesses.
- Review reports from management on progress made in addressing and correcting any identified deficiencies or weaknesses described above.
- Review internal accounting control reports (management letters) submitted by the external auditor and significant issues addressed in those letters.
- Discuss with management its evaluation of the internal control structure and procedures for financial reporting on a quarterly basis; assess management's conclusions about the adequacy of such internal controls and procedures, including any material deficiencies in such controls and procedures.
- Discuss with management any major financial risk exposures and steps being taken to control or mitigate those risks.
- Discuss with the independent auditors and management significant accounting or reporting developments proposed by the Financial Accounting Standards Board or the Securities and Exchange Commission that may impact the Corporation.

E. Compliance

- Review with management the Corporation's compliance program that provides for adherence to and monitoring of compliance with applicable laws and regulations, including Corporate Governance guidelines and the Code of Conduct.
- Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including the confidential or anonymous submission of concerns regarding such matters.
- Receive and review information from the Corporation's Counsel on any legal matters that may have a material impact on the financial statements of the Corporation. Review any reports from the Chief Risk Officer that involve significant findings on matters resulting from examinations and investigations by federal and state agencies, including action taken by management.
- Verify the external auditor is in good standing with the PCAOB.
- On a quarterly basis, Risk Management will verify the independent status of all Audit Committee members.

F. Other

- In discharging its responsibility, the Audit Committee may look to other resources for assistance within the Corporation, outside of the internal audit function, to investigate any matter brought to its attention. Those resources include one or more officers whom the Committee reasonably believes to be reliable and competent in the matter presented.
- Review and assess the adequacy of the Audit Committee Charter annually; request board approval and ensure publication/disclosure of the Charter every three years or as required by law or regulation.

Summary

The primary responsibility of the Audit Committee is to oversee the Corporation's financial reporting process on behalf of the Board of Directors and to report the results of their activities to the Board. Management is responsible for the preparation and integrity of the Corporation's financial statements, and the independent auditor is responsible for auditing those financial statements. Management and internal audit are responsible for maintaining appropriate accounting and financial reporting policies and procedures, including internal controls designed to comply with applicable accounting standards, laws and regulations.

Approved by the Audit Committee – February 8, 2005

Approved by the Board of Directors – February 23, 2005