

**CHARTER  
OF THE  
AUDIT COMMITTEE  
OF  
THE BOARD OF DIRECTORS  
OF  
COMPUTER TASK GROUP, INCORPORATED**

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## **Purpose**

The primary purposes of the committee are to oversee on behalf of the board of directors:

- the company's accounting and financial reporting processes and the integrity of its financial statements;
- the audits of the company's financial statements and the appointment, compensation, qualifications, independence and performance of the company's independent auditors;
- the company's compliance with legal and regulatory requirements; and
- the performance of the company's internal audit function and internal control over financial reporting.

The committee also has the purpose of preparing the audit committee report that SEC rules require the company to include in its annual proxy statement.

The committee's function is one of oversight only and does not relieve management of its responsibilities for preparing financial statements that accurately and fairly present the company's financial results and condition, nor the independent auditors of their responsibilities relating to the audit or review of financial statements.

## **Organization**

*Number of members.* The committee must consist of at least three directors. The board may designate a committee member as the chairperson of the committee, or if the board does not do so, the committee members will appoint a committee member as chairperson by a majority vote of the authorized number of committee members.

*Independence.* All committee members must be independent, as defined and to the extent required in the applicable SEC rules and NYSE listing standards, as they may be amended from time to time (the "listing standards"), for purposes of audit committee membership.

*Financial literacy.* Each committee member must be financially literate upon appointment to the committee, as determined by the board in accordance with the listing standards. At all times, there should be at least one committee member who, as determined by the board, is an audit committee financial expert as defined in the SEC rules.

*Appointment.* Subject to any requirements of the listing standards, the board may appoint and remove committee members in accordance with the company's bylaws. Committee members will serve for such terms as the board may fix, and in any case at the board's will, whether or not a specific term is fixed.

*Service on other audit committees.* No director is eligible to serve on the committee if he or she serves on more than three other public companies' audit committees.

## **Independent auditors and their services**

*Overall authority.* The committee has the sole authority and direct responsibility for the appointment, compensation, retention, termination, evaluation and oversight of the work of the independent auditors engaged by the company for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the company. The independent auditors report directly to the committee. The committee's authority includes resolution of disagreements between management and the auditors regarding financial reporting.

*Terms of audit and non-audit engagements.* The committee must pre-approve all audit, review, attest and permissible non-audit services to be provided to the company or its subsidiaries by the independent auditors. The committee may establish pre-approval policies and procedures in compliance with applicable SEC rules.

*Annual quality control report and review.* The committee must obtain and review, at least annually, a report by the independent auditors describing:

- the firm's internal quality-control procedures; and
- any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm 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 firm, and any steps taken to deal with any such issues.

In addition, the committee's annual review of the independent auditors' qualifications must also include the review and evaluation of the lead partner of the independent auditors for the company's account, and evaluation of such other matters as the committee may consider relevant to the engagement of the auditors, including views of company management and internal finance employees, and whether the lead partner or auditing firm itself should be rotated.

*Policy on hiring employees of the auditors.* The committee will from time to time establish hiring policies that will govern the company's hiring of employees or former employees of the independent auditors, taking into account possible pressures on the auditors' personnel who might seek a position with the company, and report these policies to the full board.

## **Annual financial reporting**

As often and to the extent the committee deems necessary or appropriate, but at least annually in connection with the audit of each fiscal year's financial statements, the committee will:

1. *Discuss financial statements and internal control reports with management.* Review and discuss with appropriate members of management:
  - the annual audited financial statements;
  - related accounting and auditing principles and practices; and
  - management's assessment of internal control over financial reporting and the related reports on internal control over financial reporting to be included in the company's annual report on Form 10-K (as and when these reports are required under SEC rules).
2. *Critical accounting policy report.* Timely request and receive from the independent auditors (before the filing of an audit report) the report required pursuant to applicable SEC rules, concerning:
  - all critical accounting policies and practices to be used;

- all alternative treatments of financial information within generally accepted accounting principles for policies and practices relating to material items that have been discussed with company management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and
  - other material written communications between the independent auditors and company management, such as any management letter or schedule of unadjusted differences.
3. *SAS 61 review.* Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, including such matters as:
    - the quality and acceptability of the accounting principles applied in the financial statements;
    - new or changed accounting policies, the effect of regulatory and accounting initiatives, and significant estimates, judgments, uncertainties or unusual transactions;
    - the selection, application and effects of critical accounting policies and estimates applied by the company;
    - issues raised by any “management” or “internal control” letter from the auditors, problems or difficulties encountered in the audit (including any restrictions on the scope of the work or on access to requested information) and management’s response to such problems or difficulties, significant disagreements with management, or other significant aspects of the audit; and
    - any off-balance sheet transactions, and relationships with any unconsolidated entities or any other persons, which may have a material current or future effect on the financial condition or results of the company and are required to be reported under SEC rules.
  4. *MD&A.* Review with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function) the intended disclosures under “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.
  5. *ISB 1 disclosure.* Receive from the independent auditors a formal written statement of all relationships between the auditors and the company consistent with Independence Standards Board Standard No. 1.
  6. *Auditor independence.* Actively discuss with the independent auditors any disclosed relationships or services that may impact their objectivity and independence, and take any other appropriate action to oversee their independence.
  7. *Recommend filing of audited financial statements.* Recommend whether the company’s annual report on Form 10-K to be filed with the SEC should include the audited financial statements.

## Quarterly financial reporting

The committee’s quarterly review will normally include:

1. *Quarterly review.* Review and discuss the quarterly financial statements of the company and the results of the independent auditors’ review of these financial statements with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function).
2. *Discussion of significant matters with management.* Review and discuss with company management and, if appropriate, the independent auditors, significant matters relating to:
  - the quality and acceptability of the accounting principles applied in the financial statements
  - new or changed accounting policies, and significant estimates, judgments, uncertainties or unusual transactions;
  - the selection, application and effects of critical accounting policies and estimates applied by the company; and

- any off-balance sheet transactions and relationships with any unconsolidated entities or any other persons that may have a material current or future effect on the financial condition or results of the company and are required to be reported under SEC rules.
3. *MD&A.* Review and discuss the company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to be included in the company’s quarterly report on Form 10-Q with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function).

## Other functions

*Annual review of this charter.* The committee will review and assess the adequacy of this charter annually and recommend any proposed changes to the full board.

*Annual review of performance.* The committee will evaluate its performance as the audit committee on an annual basis.

*Earnings releases and other financial guidance.* The committee will discuss with management earnings press releases and other published financial information. This may be conducted generally as to types of information and presentations, and need not include advance review of each release or other information or guidance.

*Compliance.* The committee, to the extent it deems necessary or appropriate, will periodically review with management the company’s disclosure controls and procedures, internal control over financial reporting and systems and procedures to promote compliance with laws.

*Risk assessment.* The committee will periodically:

- inquire of management, the members of the internal audit department and the independent auditors about the company’s major financial risks or exposures;
- discuss the risks and exposures and assess the steps management has taken to monitor and control the risks and exposures; and
- discuss guidelines and policies with respect to risk assessment and risk management.

*Conduct codes.* The committee will conduct any activities relating to the company’s code(s) of conduct and ethics as may be delegated from time to time to the committee by the board.

*Complaints and anonymous submissions.* The committee will establish and maintain procedures for:

- the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters.

If the committee so determines, the anonymous submission procedures may also include a method for interested parties to communicate directly with non-management directors.

*Internal audit.* The committee will monitor that the company maintains an internal audit function (which may be outsourced to a firm other than the company’s independent auditors). The committee will oversee the internal auditors (or other personnel responsible for the internal audit function), who will report directly to the committee.

*Related party transactions.* It is the company’s policy that the company will not enter into transactions required to be disclosed under item 404 of the SEC’s Regulation S-K unless the committee or another independent body of the board first reviews and approves the transactions.

*Internal control over financial reporting.* The committee will periodically discuss and review, as appropriate, with the internal auditor, management and the independent auditors:

- the design and effectiveness of the company’s internal control over financial reporting; and

- any significant deficiencies or material weaknesses in that internal control, any change that has materially affected or is reasonably likely to materially affect that internal control, and any fraud (whether or not material) that involves management or other employees who have a significant role in that internal control, that have been reported to the committee.

*Reports from legal counsel.* The committee will review and take appropriate action with respect to any reports to the committee from legal counsel engaged by the company concerning any material violation of securities law or breach of fiduciary duty or similar violation by the company, its subsidiaries or any person acting on their behalf.

*Other reviews.* The committee, as it may consider appropriate, may consider and review with the full board of directors, company management, internal or outside legal counsel, the independent auditors or any other appropriate person any other topics relating to the purposes of the committee that may come to the committee's attention.

*Other functions.* The committee may perform any other activities consistent with this charter, the company's corporate governance documents and applicable listing standards, laws and regulations as the committee or the board of directors considers appropriate.

## **Meetings, reports and resources**

*Meetings.* The committee will meet as often as it determines is necessary, but not less than quarterly. The committee may also act by unanimous written consent in lieu of a meeting. The committee will meet separately and periodically with management, internal auditors (or other personnel responsible for the internal audit function) and independent auditors. In addition, the committee may meet with any other persons, as it deems necessary.

*Procedures.* The committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this charter, the bylaws or the listing standards and SEC rules. The chairperson or a majority of the committee members may call meetings of the committee. A majority of the authorized number of committee members constitutes a quorum for the transaction of committee business, and the vote of a majority of the committee members present at a meeting at which a quorum is present will be the act of the committee, unless in either case a greater number is required by this charter, the bylaws or the listing standards. The committee will keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the corporate records.

*Reports.* The committee will prepare the audit committee report required to be included in the company's annual meeting proxy statement, and report to the board on the other matters relating to the committee or its purposes, as required by the listing standards or SEC rules. The committee will also report to the board annually the overall results of its annual review of the independent auditors' qualifications, performance and independence and the annual review by the committee of its own performance. The committee also will report to the board on the major items covered by the committee at each committee meeting, and provide additional reports to the board as the committee may determine to be appropriate, including review with the full board of any issues that arise from time to time with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors or the performance of the internal audit function.

*Committee access and investigations.* The committee is at all times authorized to have direct, independent and confidential access to the independent auditors and to the company's other directors, management and personnel to carry out the committee's purposes. The committee is authorized to conduct or authorize investigations into any matters relating to the purposes, duties or responsibilities of the committee.

*Committee advisers and funding.* As the committee deems necessary to carry out its duties, it is authorized to select, engage (including approval of the fees and terms of engagement), oversee, terminate, and obtain advice and assistance from outside legal, accounting, or other advisers or

consultants. The company will provide for appropriate funding, as determined by the committee, for payment of:

- compensation to the independent auditors for their audit and audit-related, review and attest services;
- compensation to any advisers engaged by the committee; and
- ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

*Reliance on others.* Nothing in this charter is intended to preclude or impair the protection provided in Section 717 of the New York Business Corporation Law for good faith reliance by members of the committee on reports or other information provided by others.

*Interpretation.* For the avoidance of doubt, while the audit committee has the responsibilities and powers set forth in this charter, nothing in this charter should be interpreted as creating any duty or obligation on the part of the audit committee to plan or conduct audits or to determine that the company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. Also, nothing herein should be construed as imposing on the audit committee responsibility to ensure compliance with laws and regulations and the company's code of business conduct and ethics. All such matters are the responsibility of management and the independent auditor, as appropriate.