



## **SOURCECORP, Incorporated AUDIT COMMITTEE CHARTER**

### **Composition**

The Audit Committee of the Board of Directors of *SOURCECORP*, Incorporated (“Company”) shall consist of at least three independent directors. Members of the Committee shall be considered independent if (i) they have, in the opinion of the Board of Directors, no relationship to the Company that could interfere with the exercise of their independence from management and the Company; (ii) they, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee (or as otherwise permitted by the Securities and Exchange Commission (“SEC”)), (a) do not accept any consulting, advisory, or other compensatory fee from the Company and (b) are not an affiliated person of the issuer or any subsidiary thereof, and (iii) they satisfy such other requirements for independent directors for members of audit committee’s established by The National Association of Securities Dealers for The Nasdaq Stock Market, Inc. (or by such other national securities exchanges or national securities association through which the Company’s securities are from time to time listed), including that such directors shall neither be employed by the Company or any of its affiliates during the current year or any of the past three years, nor own or control 20% or more of the Company’s voting securities.

### **Sophistication**

As determined by the Board of Directors, the Members of the Committee must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement. Additionally, as determined by the Board at least one member of the Audit Committee shall qualify as an “audit committee financial expert” as defined by the SEC and quoted below.

For the purposes of this Charter, an audit committee financial expert shall mean a person that has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements, (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves, (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities, (iv) an understanding of internal controls and procedures for financial reporting, and (v) an understanding of audit committee functions; provided, such attributes are acquired through (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions, (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or other person performing similar functions, (iii) experience overseeing or assessing the performance of companies or public



accountants with respect to the preparation, auditing or evaluation of financial statements, or (iv) other relevant experience.

### **Advisors**

In discharging its oversight role, the Audit Committee shall have the authority to retain independent counsel and other advisers, as it determines necessary to carry out its duties and to determine the funding associated therewith. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **Meetings**

The Committee shall meet (in person or by telephone) as scheduled by the Chairperson selected by the Board of Directors as frequently as circumstances dictate, which is anticipated to be at least quarterly.

### **Responsibilities**

The following functions shall be the key responsibilities of the Audit Committee in overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.

1. Provide an avenue of communication between the independent auditors, management, the internal audit department and the Board of Directors.
2. The Committee shall be responsible for the appointment, termination, compensation, and oversight (including the resolution of disagreements, if any, between management and the auditor regarding financial reporting) of the independent auditors employed by the Company for the purpose of preparing or issuing an audit report or related work, and such independent auditors shall report directly to the Audit Committee. The Committee will:
  - Determine the amount of appropriate funding for the payment of the independent auditors and any advisors engaged by the Audit Committee.
  - Pre-approve (directly or through subcommittee of one or more independent directors that are members of the Audit Committee) retention of such independent auditors for all audit and non-audit services.
  - The Audit Committee shall not approve the retention of such independent auditors for the following prohibited activities:



- bookkeeping or other services related to the accounting records or financial statements of the Company; financial information systems design and implementation; appraisal or valuation services, fairness opinions, or contribution-in-kind reports; actuarial services, internal audit outsourcing services; management functions or human resources; broker or dealer, investment adviser or investment banking services; legal services or expert services unrelated to the audit; and such other services designated by regulation to be impermissible.
  - Receive an annual report from the independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services, if any, is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.
  - Annually appoint, on behalf of the Company, the independent auditor.
3. Receive any notification from the independent auditor contemplated by Section 10A(b) of the Securities Exchange Act of 1934 (i.e. illegal acts).
  4. Review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter. Such review should include any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management.
  5. Review with management and the independent auditor the Company's quarterly results prior to the filing of its Form 10-Q.
  6. Review the annual audited financial statements with management, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
  7. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 ("SAS 61") relating to the conduct of the audit.
  8. Prepare a report, for inclusion in the Company's proxy statement, disclosing that the Committee reviewed and discussed the audited financial statements with management and discussed certain independence and SAS 61 matters with the independent auditors. Based upon these discussions, state in the report whether



the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report.

9. Review and reassess the adequacy of the Audit Committee's charter at least annually. If any revisions therein are deemed necessary or appropriate, submit the same to the Board for its consideration and approval.
10. 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.
11. Receive from the independent auditor a report covering (i) all critical accounting policies and practices to be used, (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the issuer, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (iii) other material written communications between the registered public accounting firm and the management of the issuer, such as management letter or schedule of unadjusted differences, if any.
12. Discuss with management, and if appropriate approve, insider or affiliated party transactions, if any, between the Company or its subsidiaries and any of its executive officers, directors, director nominees, 5% shareholders or immediate family of any of the foregoing persons, subject to such *de minimis* exceptions contemplated by SEC Regulation SK Item 404.

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. Nor is it the duty of the Audit Committee to conduct investigations or to assure compliance with laws and regulations.

### **Quorum**

For the transaction of business at any meeting of the Audit Committee, two members shall constitute a quorum.