

# Charter of the Audit Committee

## Mission

The purpose of the Audit Committee is to assist Board oversight of:

1. the independent registered public accounting firm's qualifications and independence
2. the performance of the corporation's internal audit function and independent registered public accounting firm
3. management's responsibilities to assure that there is in place an effective system of controls reasonably designed to:
  - a. safeguard the assets and income of the corporation
  - b. assure the integrity of the corporation's financial statements
  - c. maintain compliance with the corporation's ethical standards, policies, plans and procedures, and with laws and regulations

## Membership

The Audit Committee shall be composed solely of non-management directors, not fewer than three members. Each member of the Audit Committee shall meet the independence and expertise requirements of applicable laws and regulations. The Audit Committee is chaired by independent commissioner.

## Duties and Responsibilities

The Audit Committee shall have the following duties and responsibilities:

### A. Meetings and certain responsibilities

1. The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet, at least annually, with the independent registered public accounting firm, or with executive management in separate private sessions to discuss any matters that the Audit Committee believe should be discussed. The Audit Committee may also meet periodically in separate executive sessions. The Audit Committee may request any officer or employee of the corporation or independent registered public accounting firm to attend a meeting of the Audit Committee or to meet with any members of the Audit Committee.
2. The Audit Committee shall review, at least annually, the committee's charter and recommend any proposed changes to the Board for approval. The Audit Committee shall report regularly to the Board, including review of any issues that arise with respect to the quality or integrity of the corporation's financial statements, the corporation's compliance with legal or regulatory requirements, the performance and independence of the independent registered public accounting firm, or the performance of the Internal Auditor.

#### B. Oversight of the corporation's relationship to external and internal auditors

1. The independent registered public accounting firm for the corporation is accountable to the Board of Directors and Audit Committee of the corporation, as representatives of the Board of Commissioners. The Audit Committee shall advise the Board of Directors on appointment, evaluation, and replacement of the independent registered public accounting firm.
2. The independent registered public accounting firm shall submit, at least annually, a report to the Audit Committee regarding (a) the auditor's internal quality-control procedures and (b) any material issues raised by the most recent internal quality-control.
3. The Audit Committee shall discuss with the independent registered public accounting firm whether any disclosed relationships or services, or any other factors, may impact the objectivity and independence of the independent registered public accounting firm, and shall recommend to the Board that it take appropriate action to satisfy itself of the independence of the independent registered public accounting firm.
4. The Audit Committee shall discuss and review the internal audit annual plan,

#### C. Compliance and regulatory oversight responsibilities

The Audit Committee shall:

1. Receive from the Internal Auditor, periodically, and from management, as appropriate, communications and presentations on significant operating and control issues in internal audit reports, management letters, and regulatory authorities' examination reports, and on the initiation and status of significant special investigations;
2. Receive periodic presentations from the independent registered public accounting firm on the identification and resolution status of material weaknesses and reportable conditions in the internal control environment,
3. Review with management the corporation's program for compliance with laws and regulations and review the record of such compliance; and review significant legal cases outstanding against the corporation or its subsidiaries and other regulatory or legal matters that may have a material impact on the corporation's financial statements.

#### D. Financial statement and disclosure matters

The Audit Committee shall:

1. Review and discuss, at least annually, with management, and the independent registered public accounting firm regarding the scope of the audit.
2. Review and discuss, at least quarterly, with management and or with the independent registered public accounting firm regarding the annual audited financial statements, quarterly financial statements and significant current reports
3. Review management letters submitted by the independent registered public accounting firm.